Australian dairy farmers fear sellout to NZ

AUSTRALIAN dairy farmers said: "The dairy industry does have reacted strongly to the not intend to be the scapegoat news that Australia and New in this situation. Zealand will discuss closer cooperation in international

The president of the Australian Dairy Farmers' Federation, John Bennett. said Australian dairy farmers had no objection in principle to the creation of a "South Pacific Common Market", hint that the Government providing it was not achieved at the expense of the some, or all of our domestic Australian dairy industry.

closely

He emphasised that the Australian dairy industry was not in favour of closer ties with New Zealand - "if the traded away part of the Australian domestic dairy market is to be used as a New Zealand dairy industry, carrot to lure the New and Australian cheese Zealanders into a closer manufacturers were now

British airways

"The Federal Government had better appreciate that the Australian dairy industry has worked hard putting its house in order over the last few years, and has no intention of being regarded as expendable in international negotiations.

"If there is the slightest intends to sell us out by giving market to the New Zealand Bennett said Australia's dairy industry, to make up for 23,000 dairy farmers were New Zealand's lost markets in Europe, then I can promise the Australian Prime Minister's Prime Minister that some advocacy of closer economic Parliamentary heads will roll at the next election."

Bennett said that over the years the Australian Government had already domestic cheese market to the being faced with price In a blunt warning to the undercutting by New Zealand Australian Government he on the Australian market.

A nose for business



THE AUSTRALIANS

import position and give us sales in Europe, which they economic talks with New Zealand."

He said for the Australian comes from Australia's dairy farmer it was not an manufacturing industry, and issue of free trade, but fair the sharp reaction among

trade — "If you look at the dairy farmers stems in part abroad, as the dairy long trade — "If you look at the garry farmers stems in part situation which exists at from a suspicion that they will in the last two decades, be sacrificed to enable more According to the end of 1978 there are the controlled." equitable about the way the Australian manufactured 48,000 fewer registered the Australian dairy industry's returns on the domestic Bennett stressed that market." New Zealand, he whereas the New Zealanders claimed, has been using were experts in the field of pricing as a mechanism of

much different from grossly inefficient sectors of Australia's. The New Zealand dairy would soon become apparent if the Australian economy — as farmers however, had two the common market were to He said: "We are saying to great advantages: their the Australian Government products were subject to Zenland. embody countries beyond New that before they start climbing "enormous subsidies" cominto bed with the New pared with their Australian Zealanders they had better counterparts, and they derived sort out the present cheese large amounts of money from difficulties, both at home and mers.

obtaining market penetration,

but its cost structures were not

goods to be sold to New producers in Australia & ihere were in 1960.

Total milk production b fallen in the three years in by some 1000 million liv butter production by § primary production the Australian manufacturing tonnes and production skimmed milk powder! industry was one of most 77,000 tonnes. Not average returns to a

producers are expected to a n 1978-79; but any three this fragile recovery posed Australia-New Zealand by No other rural industry in Australia has faced as many difficulties, both at home and difficulties d

home loans, including h:

NEW HOUSES . . . PE

Statistics recently submit

Those in the inner

The executive directors

become competitive

falling market has a field a devastating affect builders', profit margist some smaller building panies have been force to the factor of the fa

It seems unlikely

city areas.

suburbs are seen by many r

some solld assurances that the Australian domestic dairy market is very definitely intendent of the coming economic talks with New economic talks with The move for closer trade at premium prices co-operation undoubtedly

THERE is an increasing and actual community demand for established ac- This assessment va 🐯 commodation in the inner-city firmed by a spokesmakete areas of Australia's State Master Builders' Assoub: capitals according to the Real who said there was a de: Estate Institute of Australia. bing fall in the percentage The trend is most apparent loans for the constructed in Sydney, where a shortage of purchase of new dwelling property has caused housing In 1978 in the State d'u prices to rise between 20-25 per toria less than 30 percentit

ent in the last year. The house listings shortage banks and building society s particularly acute in the were for new homes, «: lower price range below pared with 44 per cent in 17

A spokesman for one of Australia's largest real estate firms said he had never known Sydney to be so short of properties. Houses selling a year ago for \$A60,000, are now felching between \$A80,000 and \$A85,000, while homes that were sold for \$A90,000 a year ago now sell between \$A125,000 and \$A130,000.

In some areas the percentage increase in price over the last 12 months has been even greater. Where demand cannot be

met at the higher end of the market, homes which would have sold for about \$A200,000 ast year are now selling for The rising house prices in

Australian castern State to a Parliamentary Hour capitals have been attributed Advisory Committee colliby some to a returning contact that the growing percentage in the national loans going into establish conomy. But significantly the homes is a nation-wide in economy. But significantly the increased demand is for stablished homes. better value than new hors. There appears to be a

decline in demand for new and the additional loans for a homes, at least according to available in 1978 have lived the national president of mainly into the purchase a Australia's Housing Industry existing dwellings in the first

He told delegates at the 14th national housing conference in Real Estate Institut April that the Australian Australia said Australia housing construction industry were becoming industry reluctant to trave faced at least 18 months of distances and were man

He said high unemployment to the older inner city: the basic reason for the suburbs, he said decline. Normally the younger age group bought well over 50 per cent of the new homes per cent of the new homes

Even for those employed the ear of unemployment caused term to doubt their caused. fear of unemployment caused them to doubt their capacity to risen sharply in the months, and the make their mortgage

repayments.
Some sections of the
Australian media have noted that they will rise by 10 per cent during 19 Intense compelition with optimism the increase in building "approvals", but a close analysis shows that the falling market has air. increase has occurred in respect to proposed Government buildings.
The number of "approvals"

for the construction of private dwellings in Australia has actually declined, on a seasonally adjusted basis. In addition the Housing Industry Association has reported a marked discropancy between "approvals" sought for private dwelling construction,

CARTONS of flavoured Dairy Board milk will be on sale in Auckland by the end of the The board has leapfrogged into the domestic market for flavoured milk by getting

> its product will be mainly for Others who would like to be in on the flavoured milk act are eating their hearts out white Agriculture Undersecretary Rob Talbot and the Caucus Committee on Town Milk deliberates on the controversial question of milk

packaging. Talbot says the committee is forging its way through the numerous submissions and the end of November.

the future of flavoured milk. capacity. A UEB spokesman, for example, told NBR that

Government procrastination had cost the company its threeyear market lead in milk Dick Roberts, general manager of the Hutt Milk Corporation, says the carton is

the key to the flavoured milk market. He has been trying since 1970 to persuade the Initially, all the flavoured Department of Trade and milk produced will be 'test-Industry to grant the necessary licences for its

terms of reference are the future of Ultra-Heat-Treated (UHT) milk and distribution and the use of cartons for both plain and flavoured milk. UHT is the Dairy Board's long shelf-life milk intended for export.

A committee finding in favour of the production of fresh-flavoured milk in carons will make it difficult for Trade and Industry to justify continued refusal of licences for necessary plant, in view of

The Dairy Board remains adamant that it has designs only on the export market.

We asked Bruce McKinnon,
manager of UHT products at
the Dairy Board, when
production of UHT milk would

A Dairy Board represen-tative is in the Pacific "fine-tuning" the market — but it is start at the Dairy Board ^{lactor}y in Takanini. "We're still at the stage of commissioning the plant."

McKinnon said. "Before the end of the year" the most definite date offered for beginning commercial production. of the new product.

The total capacity of the plant is 2000 litres an hour, but l is nowhere near running at

McKinnon said he could not give a figure for the quantity of skills and gaining experience flavoured milk which the in developing products for board expects to put on the overseas markets," McKinnon board expects to put on the

Terry Goffin, the Milk Board's marketing manager, figure (based on sales May to organisations in the same for the whole of the Auckland for the distribution and trial run, or a fortuitous long metropolitan area, from marketing of plain milk, in Helensville to south of

With the Dairy Board's plant operating at a maximum daily of flavoured milk remain onslaught". — Page 7. their product, even if the entire output were flavoured UHT for the home market, is only a current level of Auckland milk

Countering the fears expressed in certain quarters manoeuvred itself into a strong position to take over the New Zealand market for flavoured milk. McKinnon claims that "the board lacks experience in the skills of consumer marketing — and it's best to learn new skills in the home market."

McKinnon says his division has already acquired a large number of new skills which it couldn't have learnt without the opportunity to study the

Getting the product right and designing it for the market

Flavoured milk has a different fat percentage from plain, and the flavouring substances added to the mill react differently when subjected to the high temperatures of the UHT process.

board learns from its trials with flavoured milk, it plans to market a range throughout the Pacific, ascending in a scale of complexity from plain to flavoured milk to controlled fat creams, whipping creams and other diary products.

the Auckland milk market and the Dairy Board's UHT output. suggests McKinnon, counters the UEB suggestion that UHT will be a serious threat to a fresh cartoned product.

ed herring in view of overseas experience that "fun" milk takes a slice out of soft drink sales, not those of white milk - in Victoria, the introduction of flavoured milk in carton cut 23 per cent off the soft drink market and generated \$18 million extra in milk sales. McKinnon would not put a price on flayoured milk, but

UNIVERSITY of under No. 35, (Issue 352) September, 19, 1979

time the product is launched. committee, followed by Trade

away about the considerable on fresh cartoned milk, plain,

Auckland area, both at the within its brief to make

"It is not the Dairy Board's until the new product is

Milk Board. We are both cynics continue to wonder

ndustry. They are responsible milk venture will be a genuine

which we have no intention of Milk Board for a very

The questions on the future test-market but "a major

all valuable for "practising on the domestic market.

amount of market research flavoured or both.

carried out by the board in the

product and consumer level —

intention to conflict with the

getting involved," McKinnon

Nor would be give anything and Industry, give its decision

The committee has it also

recommendations about UHI

The Dairy Board's real

intentions on the home market

must be taken at face value

launched. Meantime the

whether the Auckland UHT

start in a future race with the

AUCKLAND TRIAL: not a

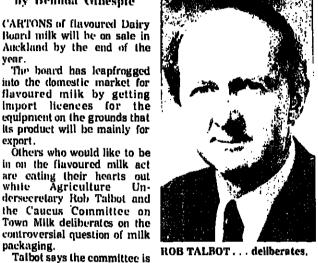
lucrative market

WE now appear to have an incomes policy which is determined at the whim of the Prime Minister. Colin said it would be what the unanswered, and will remain market would stand at the so until the Government James — Page 2.

CONFLICT of interest is an ever-present consideration for a person involved in as nany different companies as l.yn Papps Is. Mory Varnham talks to the man at the helm of some of the country's largest companies — l'age 9.

A LAST minute programme of labour reforms restoring wage bargaining and limited rade union rights hus saved thile from the threat of an nternational trade blockade. John Draper reports from Santiago — Page II.

IT SEEMS like every time a raveller gets on a domestic light the fare goes up. Yet the so-called private compuny is hardly frank with hits shareholders, the taxpayers.



The plant is capable of running 24 hours a day, but should be ready to report by h our requirements make no e than two shifts a day It can't come too soon for unlikely -- so 8 million litres a those with a vested interest in year is the realistic total

The availability of staff would be one limiting factor before the plant could run at full capacity, a stage which the board has a long way to reach, and no decisions have been made on annual output.

Virtually all the white milk produced will be for export. with a small percentage going into ships' stores and the like. Initially, all the flavoured marketed" in the Auckland area. The next stage of the marketing plan is to launch Among the committee's UHT flavoured milk

> the board "has a lot of learning to do first". The board assessed the potential market on the basis of existing sales of UHT products in South East Asia. and some Australian UHT

throughout the Pacific — but

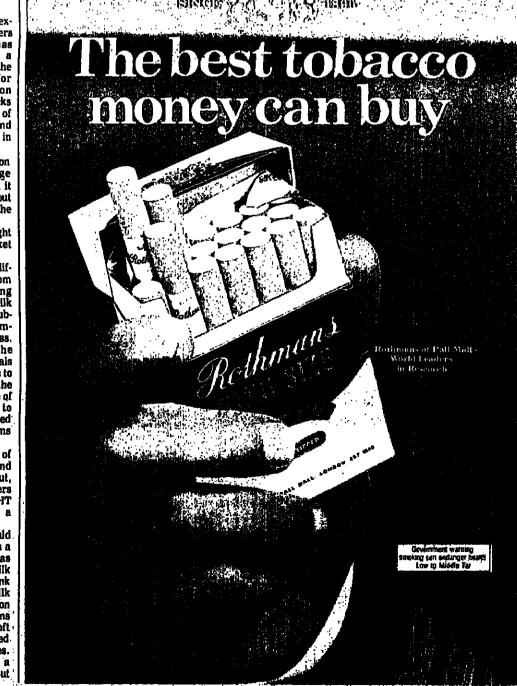
milk in the Pacific region. The decision to get the plant was made two years back, but was based on projections over the last three or four years. One consideration is the incidence of milk recombining

In some cases, the board already supplies bulk milk to recombining plants, and the possibility of a conflict between the two products has to be weighed up.

considered impossible to do indepth consumer research on a statistical basis in the Pacific. The size of the island market is a guess at this stage, depending on the acceptance

Hong Kong and Singapore are potential markets — but compared with recombined milk, the New Zealand product

Depending on what the A comparison of the size of But the other side could argue that the comparison is a



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PM tries out a new brand of incomes policy

POLITICS

It formed the basis of the

Electrical Supply Authorities

first offer to electrical workers

drivers

got his figure from

by Colin James

WE now seem to have an incomes policy. That is not surprising. Whenever western economies have gone off the rails in recent years, governments have reined in wages.

The avenue of political reputations is marked with the tyre-tracks of U-turns by wellmeaning non-interferers.

Perhaps the best example in New Zealand was the 1972-75 Labour Government's conversion in 1973. It took the liberators of 1972 only eight months to realise that freedom is no guarantor of order.

So Peter Gordon's painfully achieved "free wage bargaining" has had to be ended. The economy cannot stand it, in the opinion of the would-be philosopher kings who tell us from their luxury suites in the Beehlve what we can and cannot do.

The ending has come piecemeal and there are still pattern is that the Prime Minister will set the limit on

He seems instead to be free of any restraints, save the which I shall return later). But there is now a guideline.

by more than 9.5 per cent. material influence on others.

But for practical purposes, we

It is what the Employers' many ragged edges and Federation calculated to be the

He does not do this by any set of published criteria, set out in formal document so that people know where they are. That was the normal way of doing things in the early and

political one of persuading his Cabinet colleagues (a point to

No award base rate may move (Perhaps that should be modified, to exclude minor awards that do not have any

The choice of 9.5 per cent may seem arbitrary. But it does have some basis.

size of the tradesman's ratchet

this year, it has seemed almost like an unofficial adviser. Now, let us postulate some

One: the drivers award is regarded as a trendsetter. In the tight, mutually jealous circle of union leaders, settling for a smaller movement in the basic award rate than the drivers obtained would mean an unacceptable loss of face.

Two: the drivers are recognised as being among the lower-paid workers. Drivers can earn high wages, but by working overtime - a dangerous concept in an industry where a tired worker can be lethal to others.

Three: the Prime Minister was also the Employers says he is sympathetic to the Federation's sticking point in lower-paid and his taxation approach gives some credence his protestations. He has It takes, therefore, little even agreed that there should imagination to divine where be some sort of "minimum

the Prime Minister probably In the drivers' case, this The Employers' Federation concern is complicated by an keeps very closely in touch obsession with the Socialist with the Government. At times Unity Party (SUP), two

dersen and Ken Douglas, are key leaders of drivers unions. director Jim Rowe to to transport employers for s

initial reaction - to Ra

agreements. There was not

against paying more that

taken us one more step is

system (in which arbitration

the acknowledged way:

ferences and strikes an

enforced contract system in

which strikes are the accepted

way of settling difference

situation was still field

an incomes policy.

At the time of writing to

But the imported point

remains: that we seem to be

This has interesting in

plications for the right wing:

the party which aims to rela-

The right wing has was

string of victories this year-

the kibosh on the Post 🕾

potato regulations, the state

It has established a la

which the Prime Minister.

So why did the Priz

that failure to curb wir

power was a major factor !

the party's near-deleat

This allows the new

and so on.

Such tactics would he

Apparently oblivious to the more insidious effect of the neo-marxists in other unions, the Prime Minister seems to see each display of militancy by drivers as an attempt to undermine the state.

Whatever the reason, he took a keen interest in progress in the drivers award talks.

individual employers pay agreed rate through undin He was well informed of the 'agreement to agree'' reached in the first week of September tone must presume, from the employers' side). Over the intervening

weekend, his officials were pliched into a flurry of aclivity, at the end of which he issued his "cut it back or be elobbered" ultimatum. While this was going on there

settling unresolvable & was a deafening silence from the (assistant) Minister of Labour, Jim Bolger. bargaining) to a duine

But, come the dawning of the new week, Bolger got into the act. He let it be known privately that the Government vould not disagree with some reshaped agreement which still gave the drivers what they wanled, but kept the movement in the basic award rate to 9.5 per cent or thereabouts.

I am told he even went along with an employers' suggestion of 10 per cent in the basic rate and a shorter award, which would have broken his own Government's commitment to courier service, the reliable the 12-months rule for awards. We might therefore take it that the Government was not overly concerned with what the drivers were in fact paid.

interventionist if ever ils: provided the basic rate was one, has teed in reco movement was not high speeches he has even to enough to push up the rates of sounding as if he likes if - the higher-paid engineers, elecold one-man band joinir; trical workers and the like. someone else's ensemble. Whether it was also con-But logically the right should also be opposed to in-

erned that cutting back wages would terference in wage bargainty precipitate a full-scale con-Certainly, the Tory right frontation with the union Britain has consistently movement which the posed state-imposed incore Government could lose, I do policies, preferring monetal weapons to achieve the sat: Probably, the Government concluded that a full-scale ends. This was a major is to

in opting for Margin Thatcher against incor-policy backer Edward Ha general strike was unlikely and that it was safe to proceed. After all, in the old days when Sir Tom Skinner ruled the roost, it was an unwritten Minister's colleagues parently go along with him. rule that the union movement did not fight the Government The answer probably best - and Jim Knox is a Skinner

disciple on such matters. And the Prime Minister. with his efficient unofficial intelligence service, would almost certainly be aware of the restraining role played by the SUP at the special FOL conference after the removal cursion into incomes policy be seen, at least party, s of the general wage order

The immediate reaction to the Government's cut was one of impending "protest stop-pages" rather than a general he would have book to agreement if employed the agreed to it without a furstrike. While such stoppages, properly co-ordinated by the trades councils (the FOL's district bodies) could hurt, Russian-aligned con

One would have been to take wages to the Arhitration of the FOL. And so the Price of the FOL. And so the Price of the FOL. ways out for the drivers. the wages to the Arbitration Court, the employers asking to take a leaf out of the Riv union for fractionally more. man-band wage-fl for the agreed rate and the The court would have been authority.

bound to agree to the employers' rate and under its own legislation the Country away of legislation the Government state.

companies will benefit? tling too high, this con-would have been hazard. **Energy Reporter** Another would have her UP to 9 per cent of New agree to shift the offenday Zcaland's gas resources will ner cent of the basic rate. be exported as chemical methanol in the big move by The third was the drive the Government to make

But despite the intense lobbying by the multi-national companies, it is still far from certain whether any particular company will get to hold the

purse strings. Energy Undersecretary Barry Brill said the \$200 million scheme may well be established with participation from various sectors including the public. And he says his Government will make a each other. decision within the next two

That may not be good news for BP and Petrocorp, which both aspire to the economic stewardship of Maui methanol and various related projects.

The move to develop a "world scale" methanol plant of up to 2500 tonnes per day follows the completion of the 30-page report of the Liquid

The "initial strategy" tiptoes through the adoption of specific schemes which should be recommended for the major seep into the production of synthetic fuels, by calling for more time. But there are firmer opinions on export methanol and it sees \$63 million each year in market

● The Government should approve methanol production up to the level which will economies of scale, that is up to 2500 tonnes per day;

 one half of the production should be allocated to the export market to generate income in the short to medium

production should be allocated n the medium to longer term to fuel in New Zealand . . . it may be necessary to initially export a part of this second block of methanol on a short term contract basis.

The board believes that export markets could be bargaining position by laying located for the whole 2500 tonne-day of production should none of the local uses even-

It took only 13 days for the

And the companies are taking it all very seriously.

renewable resources

many more for it to play the

ENERGY

Apart from the structure of ownership, there is the question of the gas price, and

marketing to haggle over. Then there is the matter of finance . . . clearly overseas bankers will have to be involved if the plant size pushes costs to the guestimated \$200

Yet most agree the Government appears to be making haste slowly and has packed off the Liquid Fuels Trust Board to come up with something which will in corporate methanol as a petrol extender with compatibility with the cur of the future.

There has naturally been a bronding silence from the multi-nationals, who have been bammering the news inrdia for months with their

The planners have "cocked a snook" at Shell's \$2000 million achieve the maximum scheme for the export of Maul gas as liquefied natural gas. They have left Mobil and Petrocorp in the wings with no clear idea of the directions that are being contemplated for

> satisfaction of knowing that their lobby has been successfu in official concurrence with one part of their scheme.

In short, the Government has carınarked natural gas for both methanol and synthetic fuels, but has not weakened its all the cards on the table.

It is now looking for a deal. If the companies want to participate, they must front up with the money, the market Government to accept the and systems guarantees, and LFTB's methanol recom- be prepared to accept the

After Maui decision: which Investors catch spring fever by Peter V O'Brien

SPRING has brought the investment markets and the financial entrepreneurs into

takeovers, share Shell's managing director cumulation, new issues and the David Tudhope is currently in other ways of making \$2 grow London . . . and there are no where \$1 grew before stepped prizes for guessing what he is up last week.

BP recently organised one of is preparing for change with its rare briefing sessions for the proposed takeover of selected journalists. Petrocorp is understood to vision Holdings for \$1.75 cash have signed a secrecy per share, and substantial agreement with the South trading in Broadlands Africans, so that it can get the

oil on the SASOL process, The principals in these exercises declined to reveal which turns coal into liquid fuels and a host of details of their manoeuvres by the time NBR went to press, In the meantime the gas but some big guns are inwhich is not being uplifted by

Transvision admitted it the Crown, under the terms of the Maui "take or pay agreement", is costing about "was reasonable to assume" the use of overseas money in \$18 million a month. And the the General Finance bid. A environmental lobby is nice piece of understatement cranking-up the old campaign against the export of non- to raise the necessary \$19 million or so in New Zealand,

advanced through another General Manager, P organisation with

Accumulation of Broadlands shares was claimed at one stage as the work of an inac dividual investor seeking

about 10 per cent of the Auckland finance company. The 10 per cent figure was not reached by Friday, after Finance company business 130,000 shares were added to the 1,871,000 reported as sold

The latter figure included the transfer of shares previously held by H W Smith now under the guidance of ex-Brierley Investments man, Bruce Judge, and those of shareholder, the Commercia Union Assurance Co of New

gain a larger holding will take time, because small holdings dominate the Broadlands

A takeover offer for Allied

although the funds could be tween the two. Mount Cook's Phillips, is a former Allied Press executive, and would have close knowledge of the publishing company's real

> The Fisher and Paykel finely pitched share offer was released while the other activity was going on, adding to increasing interest in matters financial.

And those stalwarts of the shareholders' interests and upholders of fair play, Lion Breweries, apparently caused a ripple in the boardroom of Ballins Industries with their intention to lift a 14 per cent shareholding in Ballins to

around 20 per cent. Ballins chairman B J Wilk was reported as saying this was contrary to his directors wishes, while Lion said it was a reorganisation of investments

A reorganisation it might be. but one wonders about the reaction in the reverse Press from Mount Cook group situation, given the Lion's surprised the markets, but speed in forming a certain there is an indirect link be-

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Mr. Parkinson, Jabel Nichimo Ltd, (left) and Mr. Townsend, Product Development Manager, Hygrade Packaging Company

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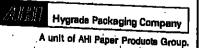
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EDITORIAL

AFTER negotiations between drivers and employers had dragged on for six disruptive weeks, agreement was reached. But a Government whose cautions had been a constant constraint that made a mockery of free wage bargaining stepped in before the deal could be clinched.

Justifying its action on the grounds that inflation must be restrained, it invoked its law-making powers to cut by 1.5 per cent the pay rates agreed to in the award negotlations. It also bivited a head-on confrontation with the trade union

A growing number of economists have been arguing, of course, that real wages are too high. But their macroeconomic perspective considers only national aggregates. Real wages have been going up rapidly — by 16.1 per cent in the year to April 1979, compared with 11.9 per cent the previous year. Adjusted for inflation, the index of real average ordinary time weekly earnings to April 1978 fell by 2.4 per cent; in the year to April 1979 they increased by

But these statistics are gleaned by adding total wages and salaries and dividing them by the total work force. They ignore the way in which the money is distributed, and beg the question: are the big increases being carned at the top or the bottom? ()r as one trade union lender complained - what right does a man now earning more than \$1000 a week have to stop drivers getting \$150 a week?

The drivers award is complex; when overtime and allowances are accounted for, some drivers do rather nicely thank you, but those on the basic wage have been miserably

If they had won their increase, however, other unions would have insisted on maintaining their relative advantage. The drivers award is a springhoard from which other unions take off into their negotiations. But that calls for an overhaul of the relativity theory as it applies to wage bargaining. Why should the drivers suffer because the system is faulty?

And what the drivers do get in wage increases will mean that a bigger proportion of their incomes goes in taxes. The Budget called for a 25 per cent increase in the tax take, which obviously means the Government expects a big contribution from fiscal drag effects.

Until the shift is made to indirect taxation providing the bulk of state revenues, the effects of inflation and fiscal drag must result in unions making bigger and bigger demands on behalf of their workers.

The trend-setting drivers award did threaten to further boost an inflation rate which some have forecast will go as high as 18 per cent this year. And so the Government intervened. But it has been disconcertingly arbitrary in tampering with the wage bargaining process.

Last year it fixed wage rates for the freezing industry at a higher level than employers said they could afford (and chipped in with taxpayers' money to meet the difference); more recently it reduced pay increases granted to Cook Strait engineers. There have been warnings that free bargaining is not on it negotiators do not accept their responsibilities to "society as a whole"; but the level of wage increases that

could be considered responsible has never been spelled out. The drivers have discovered that an increase of 9.5 per cent in the basic wage, plus the 4.5 per cent general wage order, is responsible. At least for the drivers.

And for stepping beyond an undefined boundary line employers as well as employees must suffer, because the Government has said it will prevent them - as far as it can from recovering the increases through higher charges.

This week, some of the industrial repercussions are bound to become apparent — and after taking a back seat last week. Labour Minister Jim Bolger effectively will be left holding a grubby baby. The Prime Minister? Well, he'll be overseas putting his deft touch to some international problems,

FOURTH ESTATE

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☐ I/We enclose \$............ forcopy/copies of Participation & Change in the New Zealand Workplace.

HEAR, hear, to George Gair. The Minister of Health while opening that National Acoustics Laboratory - was sounding off about some of his

Like that character in "The Mikado" who had a little list, Gair has one too. It includes: ■ The vehicle — car or motorbike - which has been so adjusted as to produce the maximum noise as it accelerates through the traffic, loudly proclaiming to hell with the comfort of others, or the nation's efforts to save fuel

• The eating establishment "it certainly doesn't warrant the title restaurant" from what claims to be music not digestion, well nigh im- have been saved had it been

 The work place with sound levels obviously requiring hearing protection but in selves in the failure of some to cise. wear ear muffs or ear plugs to the inevitable hearing damage which must follow:

• The airport at which boarding passengers are asked to walk close to another aircraft revving its motors to full away for take-off:

 The discos and the dances where the younger generation
— as if already deaf — is subjected to noise levels of electronically amplified music which punishes the ear-drums of those with normal hearing not far short of torture.

In brief: "It seems to me that many of our hearing and associated tension problems are very much in the category of self-inflicted wounds.'

12-page booklet and it is a word. particularly well designed piece featuring excellent

It provides all the general found cause for a chuckle a few

BROCKIE'S VIEW

require about postal services send its staff to the World

WITHOUT WORD OF A LIE

seas. But it still leaves us asking two questions. charges have been raised to what most believe are ex-- where the level of noise cessive levels in order to meet future costs, why was it felt is even higher than the prices necessary to print this in full and renders conversation, if colour and how much would

printed in one colour only? And does it communicate the the organisation. information any more effectively because it is printed which one sees an evident in colour? Using full colour for indifference by management, a utilitarian document seems unions and workers them to us a costly cosmetic exer-

> DOWNTOWN PSIS has been media-shy ever since the glow went out of its operations and help sort things out.

NBR sought an interview appointed Financial Director Michael Norris, who takes up his office on October 1. We were told the time was

not appropriate...it was too early vet. But surely, just a brief interview with the man who

presumably will help get the PSIS back on the road to financial success? all, if he doesn't want to. Sorry, no deal.

Norris earlier had seemed THE Post Office has produced willing to talk to us. But when of Katmandu and Patan. an up-dated guide to postal he checked with his new bosses services. It takes the form of a at the PSIS, "mum" was the

ONE Wellington organisation information you're likely to weeks back when it decided to

as well as the principal postal Trade Fuir. charges for inland and over-A hasty search through office drawers led to the retrieval of a pre-decimal

At a time when Post Office currency two-section, 10-trip bus ticket. Unused, the ticket bore the grand price of nine shillings. Quite a find, considering the same ticket costs about \$3.60

today. Transport problems solved - all-in-all, a cheap outing on

WERE you among those who delighted the other night in the television spectacle of Sir Edward Hillary and the rest of the team jethoating up the Ganges? It was splendid stuff.

The film was shot by three members of the expedition -Bob Stannard was called in to Dr Mike Gill, of Auckland (producer-cameraman): Mike Dillon, an Australian filmthrottle preparatory to taxi-ing last week with newly-maker tdirectorcameraman): and Waaka Attewell a Wellington filmmaker (sound recordistcameraman).

> Dillon might be remembered as a man who previously had trekked hundreds kilometres with 70lbs of camera gear on his back; he elimbed to 16 000 feet; he slent in double sleeping bags with profile...no need for him to his camera to keep it from give his views on the PSIS at freezing; he helped negotiate the first-time filming of the private lives of Nepal's holyof-holies — the living godesses

> > But even more formidable than the Himalyas (as NBR reported in June 1977) was the occasional misunderstanding hurdle presented by the New Zealand bureaucracy when he drain on the "sucker lat tried to show his film here. He had to fight for a year for the necessary permits.

Back in his native Australia day one is free to show to movies, provided they pass to censor. Just pay \$20 for 1 licence available to all, at you are free to compele siz the biggest of them."

In this country, he found to licensing authority in practs did not grant licences to exhibitors who would use local licence-holders.

THE junkheap of fournalist Well, it's the Broadcages Corporation, according to the faithful old watchdog (ic public malfeasance, mak ministration and malpracity NZ Truth.

"In general, the BCN2 k-BCNZ vulnerability to political become a refuge for the ing influence which results when the incompetent and the Covernment fixes the fee. clered the other day. That The licence fee was last increased in January, 1975, at why so many libel cases have to be settled out of court - ": which time Truth's cover price was 20c. There have been two nlarming list of libel galle Truth price increases since which, Truth understands he then; the paper now sells for committed the BCNZ 10 payments to wronged persons For that money, the BCNZ of amounts well into six

not specified.

Listener (and Symple:

Orchestra performances,

Indeed, Truth's staff &

parently were given offer

denials that the payments).

reached six figures The

dentals went unreported, x

we can only wonder at be-

Truth came to its u

But there was evidence in

the same article that Truth

might be susceptible to the

TV and broadcasting are

payer", it complains in &

attack on producers it

sistence that television liceto

good measure).

derstanding

provides each licence-holder with two days' viewing from a That's a hefty sum - but choice of two channels, plus all over which period of lime was the radio listening you want thrown in for free. Over one year? Hardly. The

figure for the last year would be nearer to \$20,000 tol 3 IF you want to install an particularly perturbing figure. antique telephone - or considering the potential is something that looks antique defaming someone in its — our obliging friends at the broadcasting output from the Post Office are only too willing commercial, national at concert radio stations, to: But if you happen to have television channels, R equipment which is more

modern than that available here - well, sorry, no go. A Featherston businessman bought a more modern model here from the PO in the United

fees be increased and tied to

If the argument is that

licence (ees are a burden on

the taxpayer, then it's

misleading. The licence fee is

an annual charge on television

set owners who presumably

Post; which is better value for money is open to debate).

The producers wanted the

licence fee geared to the CPI

as a means of lessening the

clevision programmes.

the Consumer Price Index.

States last year. He then went through the rigmarole of applying for permission to have it installed a his office or home.

It took the Post Office some tour months to ponder on what obviously was an unusual request. Then the businessman received his reply from the Masterton district engineer, who apparently had been unable to cope with whatever decision making difficulties were posed by the new-fangled

gear from the States. The matter had been referred to the Engineer-in-Chief, no less.

use their sets to watch And his advice was that the The \$45 a year for a colour Post Office does not permit the set works out at 86c a week for installation of privately owned seven days' viewing (comtelephones "with the exception pared with 90c a week for six daily newspapers if you Oh, and as a matter of bysubscribe to INL's Evening

the-way interest, the Post Office pointed out that "typically American phones have an unsatisfactory transmit level when used in the NZPO network".

WE are indebted to the Wicks committee on the Electoral Act for bringing into the general vocabulary a datatechnoword -- "inputted" On Page 66 it says: "Inac-

use of asbestos. Among those who are likely curacies contained in the cash in arc Bestobell address information there (the Engineering Products Ltd. main electoral rolls) resulted News came to us last week that in a series of errors when in-Bestobell, the sole New putted into the programme Zealand distributors, is improducing the street index. porting a range of woven glass And on Page 78: ". , . once the information which it is

fabrics.
"We can foresee an inrequired to hold for each creasing demand for alterelector has been satisfactorily natives such as our 'Marglass' inputted to the computer file range, suid manager Rick

question was broached.

WHAT'S bad news for some is

good news for others, of

And so companies involved

We note also the magisterial Sultable for temperatures up legitimacy given to the word to 550 degrees, only slightly below that of asbestos. Marglass products, made in England, are used in ships of the Royal navy and Australian WHEN staff working in INL's Press House found that blue

asbestos had been used to line blown into a lofted state during parts of the building, they became somewhat concerned manufacture, "giving them excellent thermal insulation After all, blue aspestos is properties generally exfast winning itself a nasty ceeding those of ashestos textiles," says the company. reputation for being an un-

being said to cause cancers of WE believe that important changes to the liquor laws are likely to be recommended by management get rid of the the parliamentary select committee that has been

agreed - but obviously the What they might be we, of natural inherent, unavoidable work will be done at some cost, course, cannot reveal for to do difficulties are such that they and so manager Jim Carney so would be to breach displayed just a hint of reluc- parliamentary privilege.

tance to bend too promptly to But one change we think the union demands when the Minister of Justice, Jim McLay, might be likely to indeed, according to one support would be to extend the regularly and cheaply in account doing the rounds of hours one can consume one's peace; and with absolute Journalists's pubs in the own wine in a bring-your-own capital, he snorted that all the restaurant. fuss had been created by a We understand that when he television programme some went dining in Oblio's

years ago and it was all unduly restaurant in Ponsonby a few weeks back the management delicately reminded him and fered to eat some of the stuff. his party at 11.30 p.m. that it was drinking up time.

A raid is a raid is a raid is the management's thinking on the subject. It tøkes no risks, even such illustrious company.

in eliminating asbestos-associated health hazards ENERGY Minister Bill should do brisk business over Birch's creditility went down a the next year or so while few points the other night. unlons are showing their He was addressing members

sensitivity to the presence and of the Australasian Institute of Mining and Metallurgy at their annual dinner, and devoted most of his time to carless days and liquid fuel options. All be-hum stuff to a bunch of experts, who were hoping for words of wisdom on the future of the enormous coal reserves. by far the largest of New Zenland's non-renewable

energy resource.

Birch made his real blunder when he started to talk about coal. As one of those present put it: "Whenever anyone digs a hole - whether it's for oil, hydro sites, or general engineering investigations they find coal. And Birch starts talking about synthetic

Members assumed that the minister was referring to the synthesis of crude oil from coal. But in view of the nature of his audience, it was a more than unfortunate slip of the

THE oil supply problem is not an invention of the 1970s.

thusiasm of a hig man...you have got to find the oil: to show how it can be purchased

certainty in war." - Winston Churchill (as first Lord of the Admiratty to Lord Fisher. persuading him to chair the Royal Commission on Oil Supply, June 11, 1912.

AN American visitor was not terribly impressed with the political priorities of our national carrier, Air New

She was flying from Sydney to Christchurch a few weeks back and, along with the other passengers, was kept waiting for more than an hour at Svonev airport

No explanation was given for

Zenland staffers told her the cleaning" of the aircraft.

Why extra cleaning? She was taken to first class for a profile peak at the reason behind It. Seems the Government owned nirline had the boss aboard — none other than Rob Muldoon coming home Denmark from his African Odyssey.

WHEN it comes to selling beer the top can mean as much as the contents. Lion Brewerles had a Malaysia.

fremendous success with its Netherlands 'spell LION' beer bottle top New Caledonia contest last year. Lion is about to repeat the contest.

Dominion Brewertes Pakistan launched its own contest the other day. DB's bottle top contest differs from Lion's In that the word to be spelled will be "tops"

dust because its beer is tinned - not bottled will not stop Leopard Breweries from Switzerland joining this marketing Iray. Western Samoa. Leopard will have its own "This liquid fuel problem contest launched in November has got to be solved, and the based on numbered tear tops.

Zealand political scientist and broadcaster) Austin Mitchell seems to have been taking more than a passing interest in the goings-on at the Broadcusting Corporation. The other night, he was

overheard discussing his observations with an almost eligious fervour.

When I survey the wondrous Cross plan . . . " he said, warming to the subject of restructuring.

And on the question of greater regional broadcasting from the main centres, he mentioned "the four stations of the Cross

Exchange Rates

the delay until she entered the As at September 14, 1979 \$1NZ

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'urogram''

for their bealth.

desirable substance, what with

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So they insisted that

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Auckland office: Editorial, advertising and disciplinates; Warren Berryman, Telephones and disciplinates; Warren Berryman, Telephones and identification of the Published by Fourth Estate Newspapers (Newspapers, Newspapers, Ltd, 15 Bridge St, Nelson.

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Apple growers get pip with monopoly market

OUT in West Auckland's orchard district the men and best versed in the usiness of growing apples are rapidly learning a new skill —

In a bitter struggle to break free from the controls of the Apple and Pear Board marketing monopoly the normally peaceful rural scene is broken with the clatter of typewriters churning out the sound of angry voices free enterprise at almost daily

The newly formed Association of Independent Fruitmarketers is fighting for the right to compete with the Apple and Pear Board's nonopoly of supply to the local

wants the right to supply fruit directly to local retailers and the fruit markets

Last week it launched a petition calling for this freedom and hope to collect at least 20,000 signatures before presenting it to Parliament

The battle has been brewing for years (see NBR January this group all interested

Under the regulations of the Apple and Pear Act, 1971, all

The industry claims that:

narket, but ''a major onslaught''

ADMINISTRATION

Growers can sell maximum of two cases at the gate and they can deliver pre-ordered fruit direct to consumers within 65 kilometres of In theory therefore, the

Apple and Pear Board controls he marketing pattern and price of all apples for resale from tree to fruit shop nationwide. In practise though, only

around 20 per cent of Auckland's crop has been going through the board. Auckland growers are only a

few kilometres from the biggest consumer market, the bulk of apples are bought either fresh from the gate or from a retailer via the thriving black market.

Broadly speaking, support for the board's marketing monopoly comes from the growing areas furthest from growers must sell apples the large consumer markets.

By offering higher prices to growers who prefer the growers and lower prices to protection of a statutory body. retailers it hoped to take the profit out of black marketing and to give the retail fruiterers

But the move angered

growers. They felt the profit should have been seen as growers' money - and not

NBR asked the president of Federation, Jim Lowe, if he would be supporting the independent marketers in their free market battle

He said his group was

how well this had worked out The Independent Fruit-

second to Parliament in a

ore-ordered fruit. The second petition launched at last week's meeting by Helensville MP

Through an export imperative, the Dairy Board initiative will hold a monopoly of flavoured milk - in one of the biggest markets in New Zealand "We submit that this amounts to a massive distortion of the

market if that operation takes place in the absence of competition from fresh flavoured milk."

The Federation of Milk Vendors has no connection with the National Union of Milk Vendors (whose submissions we reported last week).

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See page 10

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Milk industry slams Dairy Bd

THE Town Milk Industry - representing 1740 town milk

producers, the New Zealand Federation of Milk Stations, and

the Dominton Federation of Milk Vendors trepresenting 80

per cent of vendors) - has no love of Dairy Board UHT milk.

• The Dairy Board plans to put more than 6 million litres of

flavoured UHT milk on the upper North Island market per

year - hardly a "test-marketing trial", and in an

environment less competitive than those existing in export

This amounts to 7 per cent of all liquid milk sold annually

in Auckland — about equivalent to the gain won by major

promotions of flavoured milk in Australia - not a test-

• The price will be high - 50 cents per 500 ml carton has

markets to cut out the board. Last season the board at-

marketing and gate sales.

villing to take a loss. And it could well afford to as it had an orchard and only one per made a rare profit from the cent from places other than the previous year's export sales.

the NZ Retail Fruiterers

That year expires very soon. Retailers were to have been ole to be more competitive. able to offer apple varieties as soon as they were available at the orchard gate and to be ensured of supply.
Lowe wouldn't be drawn on

> but in the past he has lobbied strongly for major changes in the marketing situation. marketers petition is their

The first resulted in a few kilometre extension to the

is a general move afoot to free up controls. Even if some they should at least be

'From your point of view the time is right to put your case the call for free enterprise is now very strong", he said.

"It seems there is a place to compete against the board and surely the board has the strength to compete against a ew growers in Huapai.

While the independent group wants a removal of all growers who do not supply the the right to supply the board with export fruit since the

themselves or through an

agent.
They face some stiff opposition and not the least of it from the top ranks of the Fruitgrowers' Federation. Auckland federation director Horie Skelton said freeing the local market would be a retrograde step that would favour only some

federation's advisory com-mittee on Monday endorsed "the controlled and orderly marketing system we have".

While that may be the offidal voice of the Fruitgrowers
Federation not all members

rederation not all memoers
see eye to eye on the
marketing situation.
The independent group has
been accused of being preoccupied with self interest.
In a newsletter, group,
spokesman Brien Connolly

initiative and enterprise of still respect the rights of those

He also claims the support of ducted in July.

The poll shows that 77 per cent would prefer to buy from

The poll concludes that "the main advantages of buying from an orchard are cheaper, fresher, longer lasting apples sed to support the board to or pears offset by the disad-

lack of freshness.

tities of apples are smuggled "provide an outlet and in-out of Hawke's Bay to centive for the traditional would be best satisfied by the opportunity to buy orchard growers who are willing and quality cheaper apples-pears able to go out into the hurly- from retail outlets, which tempted to curtail black burly of the marketplace yet avoids the inconvenience inchard.

> Connolly said: "Surely this clearly shows that the consumer would be best served if consumers following the we could supply fresh fruit results of a Heylen Poli con- direct to local auctions and

> > The Apple and Pear Board however, is confident the Apple and Pear. They give figures to show an increase of 33.9 per cent this season on the

1978 season. Board sales manager Ken McGillen wrote: "Consumer fight growers — especially vantages of having to travel to response to low pricing of since the board now wants to the orchard to make the early and mid-season varieties, together with early The main advantages of release of main stream buying from retail outlets are varieties is reflected in this convenience and minimal very significant improvement travelling, offset by the in distribution . . . consumers sell their fruit at the gate and disadvantages of expense and have shown immediate by mail order." Bromner reaction to our new strategy.

received a severe jolt.

bring you to the conclusion that a controlled local market can work in the interests of all narties. Have no doubts we are determined to prove that it

And in the same June publication the board's idmits that the "small group of rebel Auckland growers' have at least shaken the monopoly

"The activities of these rebei growers have made us termined to become more efficient and innovative in our local marketing efforts and we the next few seasons the

committed to give the board's new pricing move a chance for For sale: 1800 houses with buyers

THE Electricity Department is able to do soon will be putting \$25,000,000 worth of houses on the availability, the division is market ... but unlike others making sure mortgage money currently in the realty is avoilable siness, they expect to have

Starting in April, electricity workers will have the chance repayment period. to buy the houses they now are required to live in and pay rent be entitled to a special

The house-purchase scheme the 20 per cent deposit, up to has been the centre of a \$8000 dispute by NZED employees for more than four years, but now it has agreement by the Public Service Association and

the State Services Com-Only the fine details need to be worked out and it will be

valued at \$25,443,662 two years ago. But as many of them are in remote areas with no real

difficult to nut out a scheme. Employees wanted a chance to buy their houses and thereby develop capital equity for their old age.

Under the scheme, about 490 houses in metropolitan areas will be sold outright. The employees living in the

hem — up to 12 months from The division apparently planned to get rid of those

About 500 houses in rural or small-town areas will be sold. for the right to export fruit for houseowner finds he can't find Crown promises to repurchase

> The other 1000 houses are in romote areas, where a real market is hard to assess. (The only people who live there are those who are required to by their job.)

On these, the Crown promises to repurchase the houses, and also the owner promises to give the Crown first option on repurchase. A more difficult group is those houses that are attached

or wired to an electricity value and the employee can "buy" the house, but it must be

"resold" to the division.

The valuation is a concocled one, but it gives the employee the chance to make improvements, ride inflation, and make the same amount of

equity that his brother in town shifts locations and remains employed by the NZED. In addition to the houses'

agitated for four years for this scheme, and look it up Housing Corporation terms every time rems went up or their departmental houses There are still some snags

such as working out the details for arens like Twizel, where the houses haven't been built But electricity workers will suspensory loan to make up

Also, the PSA is to promise to confine the agreement to the dectricity workers, but similar position of being required to live in departmental houses all their career lives. They undoubtedly will

The electricity workers

want a similar package. ...But electricity workers are the only ones who held vearly strikes or strike-threats on the issue.

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houses have first option to buy **REVIEW NOW** easily supply their own houses

with the NZED and continues

It is interest free, unless the

buyer sells the house or leaves

to occupy the house.

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his last.

After almost three decade

Papps shows no signs of losing

any of the enthusiasm or

business acumen which have

earnt him the title of New

He has no plans for retiring

("a horrible idea") and has

recently agreed to take on

although this, he says, may be

A new directorship means a

lot of work. Papps dues a

thorough job, meeting all the

company staff, studying the

corporate set-up, touring the operation, looking at

"It can mean a lot of

travelling but once you've

done it it's fixed in your head.

You can visualise all the

achievements, being a full-

time company director on this

scale is clearly not a job for the

stantly around New Zealand,

And relaxation? Well.

there's not much time for that.

lie's on the committee of the

He's also a keen rughy and

cricket goer, "but I don't get

acruplanes and the only

What makes it all worth

"I'm a strong believer in

It's an almost shy un-

much opportunity now'

averagely energetic.

Interestingly, Papps never once a month and Europe at

"I'm not on a board to give Wellington Racing Club and

While he's modest about his

places and the people there."

another directorship

Zealand's Mr Business.

Auditor does his job

I REFER to your item headed "Auditors tone down attack", (NBR, August 15) wherein your reporter presents a picture of the Audit Office taking measures to, and I quote, "smooth over ruffled feeling" in the data processing division of the Health Department.

Although a layman in my understanding of the function of the Auditor General and his department it would seem to me that it should be of absolutely no consequence to the Audit Office that they should have ruffled the feelings of any spender of public money. In my naivete, I had laboured under the impression that this was the precise function of the

That this particular data processing system was bought in the first place was a signal triumph for American computer salesmen and showed up an intolerable defect in fiscal control that \$28,000,000 of public expenditure could be committed, by a Minister outside Vote Health.

It has been said that this particular computer could easily encompass the tasks it is expected to do in New Zealand for a population equal to that of the British Isles. No wonder hospital boards are jibbing at being asked to replace existing efficient low cost systems to be engulfed by this monster.

Garth Powell

Non-smokers win deal

Re: Your article August 22,

Quote: There's a spot of two over 50 years; that I shall timing afoot in this happy relationship between smoking and life assurance.

The following advertisment makes Metropolitan Life's position quite clear.

The telegram was intended to be cryptic as we considered that your reporter was likely to non-smokers and five distort the facts and make smokers, the only crew mischief. It was clearly sent from Brown, Woolley & seasick were the five smokers. Graham by Messrs Brown and If I can be of further help in Woolley and should have been your research, please say so. pros and cons signed accordingly. My apologies for such oversight.

e let al grande. Il respons a grande trans soli han non Pontologi Styrittiani

THE RESIDENCE OF THE PARTY OF T

I wonder whether you

Non-smokers

deserve

a better deal.

Metropolium Life agrees... by cuiting premiums on new policies by up to 16%

deliberately recorded the 0.12 per cent Metropolitan Life shareholding in company shares to total assets to be mistaken for 12 per cent. Maybe you would like to record that I have smoked for continue so to do; that I am the only director of Metropolitan Life who is currently smoking; that Metropolitan Life specialises in offering

protection to all; that when

offshore racing, I have

determined that out of five

Service of the servic

Metropolitan Life

Metropolitan Life.

members who were not Alternatives:

I WISH to make three comments, each ignored in earlier articles and again in NBR

Milk Packaging, puge 5: could it please be explained why we the consumers are not to be offered the freedom of choice between both glass and paper containers, or are we to assume that unless one is monopolistic it is not Incidentally, 'economic'? bottles do not weigh more than their contents, a standard bottle weighs 1 kilogram and

contains 600 grams of milk. Liquid Fuels, page 7; yet another article on the complications, pros, cons and con tricks of the 'alternatives' but never a debate of methods by which we, as a nation, should prepare to make do with less. em ploy ment, Wage Rates, page 9; throughout all the media

gross wage increases and CPI a dole.

increases, which are met by net wages. I have a decade of tighter economic personal records as a salaried employers were also employee and theoretical take on new workens the cost of ther the records of a 'typical carpemer and both show an inexorable pay, unemployment and reduced, as there are employers who could be Bernurd H Merwood \$100 for labour, but to Mutakana they must pay \$125.

economic conditions

profit. Employers are

prepared to offer \$125 a week

gross and some prospective

job-seekers are prepared to

but customers are not

Because there is no profit to

ал employer in giving more

unemployment; because there

is unemployment, there is a

comparison is made between need for more taxation to pay

give the employer a profit.

As \$100 is more the PAYE cuts dole, the employments men would create p purchasing power h community, which h mean jobs?

OFFICIALS of the Inland create a demand for production, which should Revenue Department were to even more jobs to recently reported to the effect that some people could not pay their taxes because they could not make ends meet, and that If wages and salaria, the offence of employers' not defined as what a man paying PAYE becomes more home rather than as out

noticeable during tighter employer, it is per arguing along the line of to a void most of te That is only to be expected. unemployment in a 16: Arguing from first principles gives work and ga one can predict that a tax on purchasing power a: all wages will lead to both unemployment and a need for unemployed; that in employers to make the that are a condition / b There is only one reason for hiring men; that given going into business—to make a

payments.

of one and a director of 12 profits to other husian the new worker's \$150. The grand total of 28 commore than his 🖖 panies which he has a major payment; that costs: hand in controlling includes nothing in lost taxiii. some of the country's biggest. He is chairman of Odlins, accept \$100 in take-home pay, new men in workies paying PAYE white prepared to go above \$125 to dole; that increase at Dalgetys, New Zealand Motor Corporation, Zip Holdings, from the higher has greater profits; 2:1 further effectively in: Bonds, director of ANZ Banking Group and New Zeoland United Corporation, revenue by reducts: for a start.

Activities in which he's involved range from insurance and investment banking through engineering, industrial machinery, carpet

> and stock and station agenting. How, quite simply, does he cope not only with the workload but with the demands of understanding such a multifarious range of

ACCORDING to the American

best seller "Power and How To

Get It", the one suro sign of

success is having a corner

The corner office occupied

by solicitor and company

director Lyn M. Papps is on the ninth floor of Wellington's

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and sunny, with sweeping

views of the city's business

district and the harbour

within them he is considered

successful men.

office on a high floor.

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past three years, adding more than

The position of Account Director is

237 PROFILE

While the 59 year old Papps s not widely known outside business and financial circles, one of the country's most Appointed chairman of UER on the retirement of Sir James Doig in August of this year, he is chairman of another 14 companies, deputy chairman calls, letters.

Each letter has to be politely answered. For shareholders, company's board of directors is the conduit between them and the company's affairs. A versant with what's going on, be prepared to explain and, if

Papps stresses, however,

"I like to consult with the chief executive of the company first. He's got a more detailed knowledge than I can have as an outside chairman. He spends his whole time with one company. I spend mine with more than 20 different companies.'

While Papps makes "purely policy", he feels those of a technical or managerial

toria University law school. His goal — a career in the

Papps: workaholic sits on 28 company boards

friends and colleagues as Lyn, sometimes rises as early as four in the morning to start work. It's often the only time he has to make a dent in the other papers which daily flood

and often for the public, a good chairman must be con-

public statements.

decisions."

Papps was born in Auckland,

Four years in the tropics that colonial service was not toria, completed his law degree and, in 1946, joined the prestigious Wellington law

He has been there ever since and has the distinction of being the firm's second longest serving member. But, while a senior partner, he has not practised law for many years. In 1951, having developed a keen interest in business, he started moving into the realm of full-time company direc-torship. It's a decision he's never regretted

"The best thing about it is that I'm self-employed, my own master. In 28 years, I've never worked for anybody."

that he is careful about making

the son of a school teacher. He attended New Plymouth Boys High and later entered Viccolonial service. His studies were interrupted by World War II and he served with the New Zealand army in the

stacks of company reports, memos, backgrounders and his desk. His work days are filled with meetings, phone

need be, defend It.

statements if the question is nature are more appropriately dealt with by the chief

Pacific arena.

were enough to convince him for him. He returned to Vicfirm of Bell Gully and Co.

Papps has seen a lot of changes in those 28 years. Boards of directors have, he says, become much more efficient — and effective. The old days of members of the family, old boys network, everything done at the Wellington Club, have almost disappeared.

> "We get down to business iore. We get far more monthly financial and other information. Ten years ago it was pretty scrappy. Today we about him but you still can't be describe what information we sure he's going to fit in. Board want and we get it. We can members can argue as much make more informed as they like as long as they get

> While computer science and Papps' ideal board would, he advances in information says after some deliberation, retrieval systems have had a consist of one or two men in lot to do with it, the stimulus their 40s, three or four in their has been an increasingly tough 50s and three in their 60s. financial marketplace.

National beats BNZ

Now it has broken the remitted overseas rather than

demanding Visa commissions commission rate. The BNZ far higher than those paid refused. National accepted

claim the BNZ has adopted a to National Bank are

"high-handed, take-it-or- understood to be between 1 and

financial marketplace.

'Most public companies A question about working directors, and the lack of them directors, and the lack of them here, is left unanswered. The sharemarket and the financial world look at the is insistent, is that chairmen of composition of the board to companies should not outstay decide whether it's a good their usefulness.

this country to sign with a local bank to accept Visa Card. The airline signed with the

National Bank after rejecting

an offer from its own bankers,

deadlock, other airlines

Current attitudes among the

airlines suggest that the

the BNZ to the Visa Card

overseas. Airline spokesmen

in its dealings with them over Visa Cards (NBR August 22,

contrast

spokesmen say, the National Bank has approached them as

a salesman willing to listen to

their side of the story and

accommodate them with a

The BNZ first asked British

Airways for a commission rate

of 2.75 per cent, Then National

Bank entered the market with

leave-it, civil service attitude" 1.5 per cent.

these

its own Visa Card and offered banks would have to come out

commissions of 1.9 per cent — of their own pockets, which the BNZ eventually But in a deal such as that matched.

matched. concluded by Ivational and The airline was then paying British Airways, the airline only about 1 per cent could instruct agents to accept commission on Visa to Visa on their behalf and then have the commission itself.

the Bank of New Zealand.

are likely to follow suit.

business.

Ву

LYN PAPPS...three decades of enthusiasm

"Ten years is plenty. After that a chairman should get off

ideas, take over.'

interest.

capacity as a director. This

would, he says, be a conflict of

Boards in New Zealand have and let a new person, with new traditionally been of the older statesman variety. Does Papps see changes here too? A deals with legal matters in his least once a year. wider age spread?

"Boards are getting younger. We seek to get chaps

"But," he adds, "experience legal advice. If a legal opinion fits in as many meetings as he is important. is needed, I always have the can. matter referred to the com-"You take a gamble getting

pany solicitors. a young fellow on a board. He "If I gave advice and the needs to have been a success in company solicitors said it was Reading of non-company his profession or business. You wrong, where would the board business is confined to find out as much as you can Conflict of interest is an organisation he belongs to it ever-present consideration for the Institute of Directors a person involved in as many different companies as Papps while?

is. While he says such situations rarely arise, when private enterprise," he says they do he is careful to declare his position and absent himself derstatement from a very from decision making.

other airlines paralleled the

accept Visa, but only if cleared

international arrangement

with Bank of America for Visa

Card acceptance. It asked the

BNZ if it would become Bank

of America's sub agent — at

Commission rates to be paid

National Bank now acts as a sub-agent for Bank of America

The BNZ had a clause in its

Visa contract, absent in the

National Bank contract

demanding that the airlines

under write the liability of the

travel agents, should those

travel agents accept Visa

Travel agents have resisted accepting Visa Cards, because

through overseas banks at

remain in New Zealand.

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Eleventh hour reform halts Chile trade ban

by John Draper in Santlago

A LAST minute programme of labour reforms restoring wage union rights has saved Chile's ruling military junta from the threat of an international trade blockade.

Only New Zealand's Federation of Labour is persisting with its 1974 trade boycolt. Though according to FOL information, various unions throughout Europe and South America are taking ordinated basis.

ternational Confederation of Free Trade Unions (ICFTU) initiated a week of industrial action in protest against the Chile regime with affillates in Europe, Canada, central America, Australia and New Zealand among those par-

An 18-month campaign by the American AFL-ClO labour front, backed discreetly by the supported by ORIT, the pan American trade union organisation, has wrung the concessions from General Augusto Pinochet's military

Already trade unions are pushing for big pay riser, claiming 120 per cent of the increase in the cost of living index, about 4 per cent a

Chilean workers, in all but a few key areas, now have the right to belong to a trade union. It can be formed in any work place where 25 workers. or not less than 10 per cent of the work force, agree.

On farms and other places where there are less than 25 workers, eight must want to form a union for it to be reconnised

Multi-company unions and independent workers unions can also be recognised. But trade union federations and confederations are expart in wage negotiations by the new laws.

The right to strike is severely curtailed. Unions iling a wage claim must get a reply from an employer within certain time limit or the claim must be automatically

strike until 30 days after the claim has been filed and

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ticipating.

only member of the In-Freidman's monetary theory. ternational Confederation of The removal of trade

was illegal to do so.

lphabetical system which some observers claim is leaving the difficult awards to

began in mid-August there have been no strikes. Once awards are settled, unions can call elections for

year excepted.

organised by the Government at four days notice as ORIT's first deadline for reforms

At a meeting in December, ORIT found the reforms unacceptable and extended the deadline for a trade blockade to June 30.

Clearly worried, the military Labour Minister appointing Pinera, a 30-year-old economist, who immediately promised to introduce a labour

ORIT's second deadline ex- Eastern and Western Europe pired, Pinera announced a six- among others.

law are thought to be unlikely. The Government has stated there will be no changes except on most imported goods to be any loresecable change for "teclinical details".

Not surprisingly, surviving trade union leaders are against the reforms. The the world, Group of Ten" are leading Cameras, radios, colour certain amount of control more concessions.

oycott this month. and Japanese cars.

The call is unlikely to be That the goods are only

July there was a hint that the Bank. And in another aid

if the FOL agreed to lift the Northern Chile. So far since bargaining of New Zealand exports, Government, Chile topped the

1973, the sham elections of last European Economic Com- adapting. munity. Another 10,000 tonnes

> million plus market for dairy Santiago as its base. products alone.

the trade figures or a walk around Santiago's shops. Chile trades with Russia, China, Japan, the United are much higher.

Chile's own 10 per cent tariff permits the small but rapidly in Chile. Pinochet is rapidly

the opposition supported by the televisions and cameras from being exercised by an 18-man AFL-CIO and pressing for leading manufacturers, council of generals. leather from Italy, perfumes And their call prompted and haute couture from Paris ORIT, when it met in Caracas gourmet foods from Britain in July to consider Chile, to and Continental Europe as recommend a one week trade well as the latest European

heeded by many unions as the enjoyed by the elite of Sanmeeting was without a tiago's plush suburbs is not disputed. It is part of the In New Zealand, the question country's economic plan of the trade ban now rests implemented by the "Chicago pressly prohibited from taking firmly with the FOL as the boys" versed in Milton

> Free Trade Unions still ef- barriers, incentives for infectively applying the ban as vestors from overseas and the recommended in 1974. pool of unemployed living in ecommended in 1974. pool of unemployed living in Many members never did wooden shacks and huts, the apply the ban, some regarding barrios, around the city it as unworkable. For others it boundaries are also part of the

> Australia lifted its ban in Economic restructuring for 1978 and has already sold an those at the bottom of the heap estimated \$20 million of goods is painful. The removal of trade barriers has sent many New Zealand exporters Chilean firms to the wall mounted a campaign in particularly in the textile ndustry and contributed to the 20 per cent un and under

But incentives for foreign investors has already brought 51 international glants to Chile in the last 18 months lured by 100 per cent profit remissions

The glants like Goody and Exxon from the United States — and at the other end of the scale the South America New Zealand Trading Company — are attracted to what is probably the most laissez faire economy in the world. Sanz executive director Mike Fitzgerald is already installed in offices in Santiago

and doing business. Sanz is a consortium of New Zealand companies registered earlier this year. Another branch has also been opened in

Kuaia Lumpur.
Fitzgerald admits that mony companies invited to subscribe were not interested in doing so once it became apparent that the FOL would not lift its bun.

But Chile still wants to trade with New Zealand, due in part to a happy relationship dating back to the 1980s. New Zealanders were then responsible for establishing a

can engage temporary February to get the ban lifted. dairy industry in the Osorno Several civilians are in the workers. At the end of 60 days But without success. And in region sponsored by the World Government including 30-yearbe dismissed and replaced.

Wage bargaining is being gradually introduced on an general wage order legislation woothermal recent reforms. general wage order legislation geothermal resources in

In the early 1970s when aid The ban is hurting. But Chile projects were being con-originally scheduled for later remains untouched. A trickle sidered by the Labour estimated by reliable sources list. Allende's overthrow at around \$2 million a year and caused it to be reshaped and growing, are finding a way sent to Peru.

around the barriers but the big Climatically, Chile and New officers for the first time since opportunities are being Zealand have a lot in common. And in agriculture it is the New In 1978 Chile imported 10,000 Zealand style of development tonnes of butter from the the Chileans are interested in

Forestry also offers conwere imported in the first six siderable scope for New months of 1979. Together with Zealand expertise. Sanz will be 10,000 tonnes of imported trading generally throughout cheeses New Zealand is South America, buying and missing a potential \$100 seiling where it can, using

Fitzgerald says Chile is the Claims by the FOL that it is easiest country in South junta sacked the right wing not alone in applying a trade. America to work from and ban are not borne out either by though others, such as Brazil. offer good opportunities for point ventures in manufacturing, the costs of operating

In the first week of July as States of America, Australia, Keeping a representative in Brazil can cost \$450,000 a year. Already Sanz has one contract part package outlining the Shopping in Santiago is a worth around \$8 million within Government's industrial law. temptation for any New its grasp and Fitzgerald says Further modifications to the Zealander escaping from there is no shortage of op-

behind the import barriers. portunities. Politically, there is unlikely growing wealthy elite the taking on the appearance of a choice of goods from around Franco though some political manoeuvrings point to a

old George Pinera as Labour Minister who is responsible for

worked out for presentation to the secret police, is expected to the people in a referendum this year. It now seems

unlikely to be before 1980. The labour plan was originally meant to be part of the constitution to be put before the people but it has aiready been implemented.

Pinochet, when he took over, made it plain that he expected the military to stay in control in Santiago and the Governfor at least 25 years to give ment's most vociferous Chile a new direction.

And it seems he intends to become the "elected" President next year.

The new constitution will then be asked to confirm Pinochet as president.

Politically the country still doubt. seems as divided as in 1970 only 35 per cent of the vote.

allowed the country's 28,000 for the poorest Chileans. students to hold elections this banned but analysts, who difficulty in determining the political sympathies of the and Christian Democrats each Observers admit that for got another 30 per cent.

is no longer the lener. Pinochet will be making a hungry". But they claim, even

state visit to Japan "at a time that is an improvement.

Several civilians are in the mutually convenient to both

And Britain which recalled its ambassador after the A new constitution is being torture of Dr Sheila Cassidy by send an ambassador back to

Santiago later this year. Chile is a country full of contradictions.

Pinochet seen abroad as the hard-faced general is said to have the stamina and manner of a Jimmy Carter, always out meeting the people and vir

Hoy, the populist daily paper surviving critic in print, has been suspended for three

weeks for going just too far But it advertises in the rival and semi-official El Mercurio give the junta powers to appoint a Parliament, which will of Hoy" to support the staff and has launched a "Friends That the paper will reappear seemed virtually beyon

After the atrocities and when Allende was able to head horrors of the military a coalition Government with takeover and its harsh economic regime, observers In a surprise move, the Junta chaim life is improving even

A meagre unemployment year. Political labels were payment, admittedly way below the cost of living, is paid like the students had little by the State to all those tha register.

Strong family lies, wher candidates, estimate that the one \$100 a month job is feeding junta-collected around 30 per - many months, has also helped cent of the vote. The Socialists - the poor get through the worst.

many, the improvement is no Internationally, the country more than the difference between "starving and being

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Invention negotiators protect cancer cure

THE Development Finance Corporation the other day negotiated with a multi-billion dollar American pharmaceutical company over licence rights for that company to test and market a cancer drug developed by the Auckland division of the Cancer Society of New

Two pharmaceutical companies, Warner-Lambert and Bristol Myers are vying for licence rights to m-AMSA,

New Zealand millions of dollars in overseas exchange; further enhance this country's reputation for pharmaceutical research; and involve Cain's

world's pharmaceutical giants. (see NBR September 5.

Successful negotiations would also be a milestone for the DFC's applied technology programme people who have only recently extended their activities to licensing local Owen McShane, the DFC's

negotiator and manager of the Applied Technology Programme (Northern Zealand companies were a chemo-therapy agent developed by New Zealand of licensing. Fewer still knew how to go about getting the how to go about getting the best possible licence deal. The main benefit from

either company could result licensing, he said, was quick access to world markets using distribution systems and sales techniques beyond the capability of most New Zealand companies.

Speed was of greater team in a shared technology essence than most companie

prospect of development and cent of royalties and fees at large pharmaceutical commarketing from New Zealand their projected maximum pany can distribute it far wider researchers.

foreign firm would bring the and further research, he said. inventor feedback from Several of the advantages of foreign markets without the licensing are manifest in the developed by Cain. expense of establishing an case of the Cancer Society's

overseas base. foreign tariffs, material manufacturing controls im- millions of dollars. After which

posed by foreign governments. the pharmaceutical company In high technology areas one must publicise the drug and-of the greatest benefits of make it known and acceptable licencing, McShane said, was to the world-wide medical in the area of technological community. exchange between licencee The financial resources and licence-holder. Many New Zealand com- probably beyond the reach of

panies were woefully ignorant any New Zealand company of how to go about getting the much less the Cancer Society. From a humanitarian McShane said. For example, standpoint, the sooner the a product could be as short as many companies did not testing of this drug to prove or realise they should ask for a disprove its worth the better. If cent of royalties and fees at large pharmaceutical com-

would not result in maximum level when signing the licence and sooner than could a New market penetration of agreement, he said.

These front end fees and Drugs often have a limited royalties could provide the commercial life before they New Zealand firm with funds are superceded by something A licence agreement with a for both business expansion better. In this case m-AMSA could well be superceded by

As regards putting m-AMSA on the United States market, anti-cancer drug, m-AMSA. A licence agreement also A cancer drug usually takes there are strict guarantees and had the advantages of avoiding about six to eight years to regulatory procedures inregulatory procedures indevelop to a marketable stage. volved which might be handled Clinical testing can cost by a large American company more easily than by a New

> The royally and fees flowing he used to further research involved in such a venture are yet to be earmarked for any

Zealand organisation.

specific purpose. A licence agreement between either American pharmaceutical company and the front end fee of about 25 per these tests are successful a agreement between the

TECHNOLOGY

McShane said, some just looked at the life of their patents when they should be looking at the life of their technology. Due to rapidly advancing technology a product's life could be far shorter than the patent rights protecting it.

In electronics, he said, the commercial or technical life of

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15 minutes to demonstrate reby more than 65 CP. units have already been installed in New Zealand



state-based technology THE DFC's applied petuity might seem a bit steep. technology programme is But McShane said overseas technology programme is licensing agents charged from One part of the programme's 30 to 50 per cent. He explained that the inventor gained the financial muscle of the DFC which

DFC commercialises

Government-sourced technology through licensing.

More than 30 licences have might be needed to protect his been negotiated - more than invention from patent enthree-quarters of these croachment. Government-sourced tech-

But now private companies are providing the licencing team with the bulk of the work, programme manager Owen McShane said. It now has 15 private firms on the books currently seeking a licencee. The programme will act as

DFC financed or not.

usually made through personal contacts. McShane said While the DFC's licensing operations are still in an

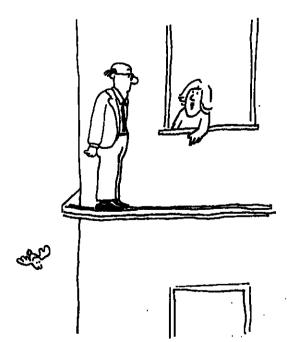
embryonic stage, it has been licensing agent for private busy establishing companies whether they are technological exchange agreements with research For the service, the DFC organisations in Hong Kong charges commissions from 15 and Singapore and then into 30 per cent of all royalties ternational agencies, as well and fees received. as building up its working
A 30 per cent commission on relationship with American all royalties received in per- pharmaceutical companies.

The DFC's commission

might be split with one or more

outside licensing agents in

search of the right licencee.



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Bay Sun shines out

newspaper, the Bay Sun, became a twice-weekly paper in August as part of a development programme which has seen a rise in both circulation and pagings.

The paper now has the

years ago by Tauranga printer Don Kale, of Rugby Review

Kale had previously printed the Mirror a Tauranga paper which had prospered as a free weekly but quickly failed when it attempted to become a daily

A printer rather than a publisher, Kale entered the market out of a conviction that the prosperous Tauranga region could support more than the existing daily evening paper the Ray of Plenty Times and community papers at

"All he wanted was to print

it," Basham said. In May 1979, Basham formed a syndicate of three to take over his own paper and the Ray Sun. Together with Rex Appleby (sales manager) and Zelda Morrison (office manager) they launched Bay



DAVID BASHAM

The new company acquired the Te Puke Times publishing rights and in August merged in he Sun's new Tuesday edition. The Te Puke paper, reviously an eight cents paid weekly, had shown steady circulation growth, rising from an ABC audit of 1591 in 1968 to 2536 in 1978. But Basham's experience with the limes during the days of the Mirror convinced him of the difficulties of competing against a free circulation.

"I was getting pretty was getting pretty worried about the Mirror in Te Puke," he said. "It was increasingly difficult to sell advertising even though the Times rate was change." limes rate was cheaper.'

The Mirror's failure dogged the early days of the Sun some of the old Mirror staff, the Sun had a hard time getting started.

But it is now a prosperous labloid, averaging 28 pages on Tuesdays and 40 on Saturdays. Sun editor Lance Morcan, who was on the Mirror for its ast six weeks, then spent time Auckland on the Western Leader and City News, said the paper's policy was to steer clear of gutter reporting, and supplasise local stories.

Under the new ownership, he paper's resources have been increased, with new offices in Tauranga, a Te Puke Ranch office, an increase in ditorial staff and the equisition of modern setting equipment.

Don Kale Printing Co Ltd.
Phich retains the printing contract, has just installed a bur-unit web offset with an additional trichromatic unit.

Circulation, currently 25,300, has been expanded so that the Sun now covers all homes between Katikati, Tauranga, deliveries organised to every

rural dwelling, hospital patients, and retail premises. The end of the Te Puke paper was initially a shock to the local citizens, but Basham said that support there for the Sun was strong, especially in

advertising sales.
The difficulties any paid community paper faces are demonstrated by the fact that the Sun now has almost twice local economy on which to the Te Puke circulation that base his confidence.

at its death. Basham said that future prospects for the Sun look

The Bay of Plenty, which is the country's fastest growing region after Auckland, is expected to continue this growth for the rest of the century and to be the eighth largest population grouping by

from diversified areas including intensive farming, that time he managed suc-horticulture, forestry, land cessively the Adelaide and transport, and shipping, Basham said he had a strong he worked six years with USP clients. They are affirming

the well-produced Times had "We are here to stay," he

Agency comes into Focus

Marketing Limited is a new Wellington advertising draws fire agency, headed by Chris Sharp who spent the last eight years WE APPLAUD the practice of with Ogilvy & Mather. During Wellington offices. Before that the advice they give their

Needham in Brisbane, Sydney and demonstrating their own

Co-founder Brian Bennett is a former pharmacist and an alumnus of Brierley Investments where he was Briceley group companies.

With them are Joanna Mears who worked for three years for Japan's second largest foreigner on the 2700 staff) and Simon Carr, McCann Erickson, who is both an actor

Focus, which plans a future as a complete service agency, has secured its first account in Challenge Finance. "As financial advertising is one of goals," Sharp told Admark.

FOCUS Advertising and Knock copy

advertising agencies advertising their own services. In doing so, they are endorsing

We are particularly gratified when any agency selects our paper as a medium because agencies know how to reach a manager of City Realties and a target market with the board member of some of the greatest degree of efficiency.

So we feel a little sad when compelled to criticise an agency ad which appeared in our columns. The Ogilvy & Mather full page which appeared in NBR August 22 was advertising agency." It set out to tell some of the company's "trade secrets" and contained

apposite advice about the structure of advertising. the area where we have considerable experience, we have made it one of our early have made it one of our early advertising is created ad hoc. Most products lack any consistent image from one year to vertising is impersonal,

> provides. "Most advertising campaigns are too complicated. By attempting too many things, they achieve nothing."

most advertising for new

We argue that if you apply the tar-brush to "most" of the products in a category, then blackened and your product with it. In this case, if you harm the corpus of advertising, you must suffer yourself. Knocking copy is

counter-productive. If all the generalisations quoted above are true, then most advertising is a waste of money. We willingly believe that some advertising is a waste of money just as some advertising is guilty of the O &

But, taken in toto, the statements are demonstrably wrong. They deny the competence of many advertising agencies who have proved their worth on the score of results achieved for their

have been more convincing if it had stayed with a strong

We'd like to say to O & M's managing director, Martyn Turner, that we're certainly products fails to exploit the opportunity that genuine news not anxious to bite the hand that feeds us. But this is a newspaper that deals with business affairs and we feel we have a job to do, too.



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Datsun 2008-2X goes lutrier in comfort and conventence with these standard luxury features; plush velour buttoned seels; Landsdown cut-pile carpet, door-to-door, and in the boot; driver's door mirror; remote boot release; centre console box; front and rear map pockets; multiple ashtraya; passenger vanity mirror; tachometer; ampmeter; oil pressure gauge; digital quartz clock; intermittent windscreen quartz clock; intermittent windscreen wipers; front and rear centre armrests; gold styled wheels; wide radial tyres; variable-ratio sleeting; lilt-adjust col-umn; four-wheel independent sus-pension; power brakes; tinted glass all-round.....

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Commission adds weight to film industry

THE Film Commission has considered over 90 film projects since it began work as n interim body in 1977. About 30 of these have been helped in various ways, 40 have either been declined or lapsed, and others are under consideration.

The commission's working capital, \$500,000 a year of it, comes from lottery profits and is guaranteed until the end of

Already into its second financial year of the three year period for which the Lottery Control Board has assured

But there is general conidence at the commission that the variety of films backed over the period, and the good public response, will ensure that means are found to

Films are one area of the arts where the Government has modestly increased its stake in recent years. The interim Film Commission received \$100,000 for its earlier

for 1979-80, from \$55,000 the previous year — though actual expenditure was \$82,000.

Before the Film Commission Act was passed in November 1978, the interim body under Chairman Bill Sheat had been advising the Government on the legislation, establishing guidelines for developing the film industry and trying to build private investor confidence in the new area.

Arts Minister Allan Highet work in 1977-78, also from said of the new law that it lottery profits. The Depart-ment of Internal Affairs, which dependent statutory authority

financial support, the commission has yet to hear whether the period will be stands the running costs of the which will play a major role in developing the local film industry." It would encourage by financial and other means the making, promotion, distribution and exhibition of New Zealand films.

The commission has powers under the Act to support films through the chain of script development, pre-production, production and marketing. Its main criteria in con-

projects are New Zealand content, and financial viability - so it favours projects where New Zealanders have determining roles in the main phases of film-making, and considers market appeal and practicability of works, as well as their effectiveness on

The possibility of coproductions with overseas interests is part of the commission's role, as well as looking for international distribution for the films with which it is involved.

There are seven members of the commission, under Chairman Bill Sheat. He is a Lower Hutt solicitor and former chairman of the Arts Council, who has been involved in feature-film production since 1964.

Pacific Films' John O'Shea who has himself produced and directed three feature films, is Sheat's deputy.
Other members are Royce

Moodabe, managing director of Amalgamated Theatres, Mery Corner, a member of the New Zealand Lottery Board, David Gascoigne, and Davina Whitehouse, with the Secretary of Internal Affairs holding an ex-officio position.

There are four staff members, including director Don Blakeney and Lindsay Shelton as head of marketing and Overseas marketing ac-

tivities, according to Shelton, are now directed at selling New Zealand films for television, where the greatest Sales made at the annual

MIP-TV market in Cannes this year are likely to total more than \$200,000 when all the contracts are finalised. The figure includes contacts

nade by the commission, by

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took their own films to the market, by Television Oz and by the National Film Uni South Pacific Televisia

promise, "Sons for the Return Home" marketed its programms separately, under the There Television umbrella. Commission's latest and largest investment everything going for it.
With a working budget of
\$500,000 a year, and hoping to Top-selling films include "Off the Edge", "A State of Siege", and "Skin Deep".

The commission represent independent film makers a the market, as well as films in which it had a financial state and will participate on the same terms again next year.

Financial help from the commission comes in the form of no-interest loans to com script development and preproduction costs, which are generally converted into is vestments when the film of nto production. If it fails toge off the ground, the loan car turned into a non-refundabl

The commission ou financial help to films aduly in production by investing terms negotiated with the producer and private invalu - terms which are supposet give strong incentives lot vestors to back but productions, while giving a solid base for the product

The commission's state

generally below 40 per cent

the total budget, and it is

Beside providing public

cash, an important part of the Film Commission's role is to

help film-makers raise private

money. Lindsay Shelion

pointed out that pre-

commission feature

"Sleeping Dogs" and "Solo"

were backed by private in-vestors, but in each case the

sources proved a oncer, and

financial means to supple

STRENGTI

Lundia (N.Z.)

film-making ventures.

makes loans for the promot

and distribution of films.

has overseas appeal," he said. Films which worked here were often too thin in content for the overseas market. But the unique feature of New Zealand society was the interaction of cultures, he prints out.

by Belinda Gillespie

IF the production lives up to its

back up to five features each year, the Film Commission's

stake in the movie is probably

between \$80,000 and \$100,000.

Shelton says the commission doesn't make a practice of

announcing figures. If a film

goes out with a price-tag on it,

overseas buyers may adjust

their offers accordingly.
"The loving, the lighting, the

parties, the promises, the rage
— the desire, 'says the
promotional leaflet.

The film is based on a book

by Albert Wendt, the love story

of a Samoan youth and a

European girl, now in its sixth

Wendt's themes are key

issues of the times - race

relations, immigration, and

Director Paul Maunder has

"The difficulty is to make a

feature film which is both

popular in Now Zealand, and

high hopes for his film.

cultural identity.

Marketing manager Lindsay

And with this as its focus "Sons for the Return Home" gets away from mere parochial matters and has the potential to arouse interest on he world market, he believes.

The international locations of the film — London, Western Samoa, and New Zealand add to its cosmopolitan

Maunder's other work

"Gone up North for a while", O'Shea emphasised that the and the award-winning teature film had his full backing, and O'Shea to move out of what he

has a background in theatre and is known as an actors' producer capable of getling powerful performances out of his cast. Maunder himself did all the

necessary spadework for "Sons", including the screen daptation of the book and establishing a relationship with the Western-Samoan Government, whose cooperation in the film essential

Finance came from the Film Commission, private nvestors, and substantial investment "in kind" from the Western Samoan Government. Todd Motors, and other

At Maunder's invitation, John O'Shea of Pacific Films became producer. O'Shea is a Commission, whose name is synonymous with the film

ndustry in New Zealand. Scheduled for release at Labour Weekend, "Sons for the Return Home" might not have made it for the plum October 19 opening time, if O'Shea had had his way,

He wanted it delayed until for re-editing, but the Film Commission decided to ahead and meet its commitments with the distributors, Kerridge Odeon O'Shea withdrew from the

O'Shea preferred not to give s reasons for withdrawal But he said that the fact the his name and that of Pacific Films were not on the credits or any of the promotional material for it spoke for itself.

There had been more and the director of the film Paul Maunder, than was customary in such a elationship, and "at distance one can't function as

compromised by withdrawal. He referred also Maunder's considerable artistic abilities and promising

'Creative disagreement' between film chiefs

film work for the National Film Unit and television. Bill Sheat, chairman of the Film Commission, withheld be a raw spot. Indeed, he insisted that NBR not record

mentioned its "many good

qualities," which are inno way

subject had taken place. The relationship between producer and director is difficulties, according to an industry

Generally the producer is the driving force behind a film. to discuss it publicly on the But in this case Maunder, the director, had initiated and got undermine the success of the the film off the ground.

the fine points of how the film commercial viability of recent

regarded as the other man's

complicated by O'Shea's industry and a member of the while involved in "Sons for the Return Home", he sald, he stood aside comment on what appeared to functioned as any other that a conversation on the

financial interest. While the film-going public probably would regard the breach between producer and traditionally fraught with director of "Sons for the Return Home" as a matter of only passing interest, the mentioned a "creative matter appears to loom large disagreement" between the among those within the among those within the

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winds of the market place. With a hard act to follow after the commercial success The increasing artistic and

"Middle Age Spread" Maunder is hopeful that his

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ew Zealand feature films -such as Sleeping Dogs, Skindeep, State of Siege and

Middle Age Spread — süggests

to a more objective view that

films made here are hardening

trial period for feature films those within it are working in a climate of maximum good will. "for love not money New Zcaland films, he points

off from rare, protected out, have to stand the same blooms to more robust plants able to withstand the chilly technical costs as overseas productions with multi-million

Costs are cut through personnel who work for next to no financial return, and through limiting the scope of

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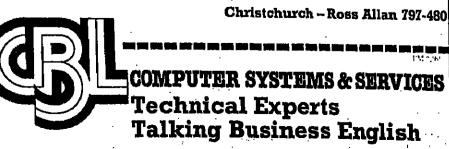
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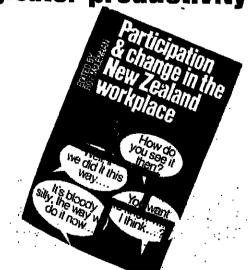
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the companies who made then includes the television drama producer." were left high and dry at the completion. Participation ... key to The commission aims b provide financial expertise and on-going support for a greater productivity spawned mainly by televity which no longer has it



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Freezing workers' self-help co-operative scheme develops into million-dollar forestry business

UNTIL not very long ago, the was run out of a suitcase. Now

But there is nothing mickey mouse about the trust — a selfhelp co-operative of Hawke's Bay freezing workers. The seven-year-old trust has

assets of close to \$1 million and a yearly investment of about

Add to that an ambitious expansion programme and you are talking about a substantial business by New Zealand standards.

Already it has been imitated by another group of freezing workers in Wairoa and others in Otago and Northland are taking up the idea.

The idea is relatively simple; buy up or lease land and plant it in trees; pay the development costs out of income from members (with help from the taxpayer); when

Translating the idea into practice among a group of experience has been less

The idea is largely the brainchild of one man: Mike Kitchin, farmer, freezing worker, union president. resident (comfortable architect-designed house) of Havelock North, now pushing middle age. Turning the idea into reality was also largely

He has since helped set up the Wairoa trust and is advising the Otago and North-

Kitchin is no intellectual

the project is a practical exercise in self-help, not a weapon with which to create

He did not get the idea out of books. At the time the trust was set up in 1972 he did not know of the successful Mondragon co-operatives in Spain or the worker control experiments in other parts of Europe and western Yugoslavia.

Even now, though he has filled in some of the gaps, he is, by his own estimation, not well read in the theory of cooperatives.

Rather, like the organisers of the farmer co-operatives before him, he was seeking a practical response to the ployment among freezing workers and the growing worthlessness of life insurance as an investment.

Kitchin left secondary school after an undistinguished three years. He then went as a farm trainee to Flock House, near Bulls in the central North

He "did quite well there" and went farming, getting his own farm at age 25 in 1966. The late 1960s were not a good time to be farming sheep on 110 hectares in the Hawke's Bay hinterland. Wool had crashed at the end of 1966 and lamb prices were not astronomical. He worked his way clear of debt and got out in 1971.

Then he took three months holiday, during which he read some of Bill Sutch's nationalistic economic books From them he got the idea that New Zealand should not im-



developing New Zealand struck a very strong chord in me,'' he says.

From age 17 he had been working in freezing works in the summers, even during the vears when he was farming. Still with the spirit of en-terprise that took him into farming, he began to look at his new predicament as a "full-time" freezing worker.

"Full-time" in a freezing works means for most, that they spend the winter months

union meeting that workers should get together and buy themselves a forest. The idea got a warm reception.

The next stage was a feasibility study, for which the Taupo firm of J G Groome Associates, was called in. Groomes had already looked at the block the trust now has on behalf of some local bodies. Kitchin himself was supported

for Hastings and Minister of by the union for three months MacIntyre leaned on the Forest Service to release land. Three blocks, all in Hawke's Bay, were considered, before a 1600-hectare scrub-covered the killing season. abandoned farm off the Puketitiri road, 60 kilometres west of Napier and close to Kitchin's old (arm, was agreed

account before.

on. Its name: Te Kowhal. The trust obtained a 66-year lease. By the time the trust and lease documents were drawn up, the initial subscription of \$11,000 in \$1 shares had all

support. The union's own bank,

But the National Bank of

New Zealand thought dif-

ferently. Attracted by the idea

that freezing workers were

prepared to help themselves,

impressed by the thorough

Kitchin and assessing the

project as a sound commercial

venture, the bank put money

Bank manager Lionel Or-

mandy not only backed the

trust professionally, but took

up a parcel of shares himself.

He says the project has vin-

dicated the bank's judgment.

Apart from the normal

deposit-overdraft business

brought in additional account-

behind it.

preparatory work done by

most trust members who weekly deductions of 50 cents upwards (the minimum is now

Even so, the first planting in the winter of 1973 nearly came the total union membership).

cash.
It would have, if the workers had not been trust members who decided that there was more point to getting the trees

Since that planting, some 800 hectares of the 1200 hectares of plantable land have been put down in radiata pine. Planting should finish in 1981 and thinning and pruning by 1990, by which time, at current growth rates (helped by a 70inch annual rainfall), the first trees should be within a few years of cropping and

Trees in the ground at March 31, this year, totalled \$324,000 in value, to which needs to be market value of the first added this winter's planting, worth roughly \$30,000.

The trust's interest in the lease -- roads, bridges and so on — comes to \$342,000, giving total forest assets of about \$666,000 in March, or about \$696,000 now. Other assets, such as buildings, vehicles, equipment and others, bring \$750,000.

To that also needs to be added the 492-hectare Waloma know) station, 30 kilometres south of Wairoa, bought by the trust in June at a cost of \$175,000, but and more at weeken probably worth more than Fourteen can be & \$200,000 now that tree planting and cropping planning pergenerated by the trust, it has Planting should begin there

olders — trust members who had not felt the need for a bank That makes a total of just under \$1 million.

It is owned by about 1150 Another early backer was Duncan MacIntyre, then MP trust members, who among them hold about 442,000

In the 1978-79 year shareholders contributed \$56,000 in cash, a total of up to \$1500 a week at the height of

By the end of each season the trust's books usually show a healthy balance; by the end of the winter, when most development work is done, draft — around \$40,000 now, in the wake of the relatively short killing season last year.

important attraction to be Cornelius, nominally feets The trust also has a \$56,000 mortgage from the Rural Bank on the Te Kowhai block and a \$150,000 private mertgage on ministrator, preparing budget, taking medic Most of the trust members

are members of the Hawke's minutes, doing correspondence and basic account dence and basic accounts. (equalling about a quarter of

the trust to advise on initial plantings. At that time he worked for a private forestry "sympathetic to the trul aims'. Kitchin estimak

"a bout 50 businessmen" ban

shares. So do nearby farmer

Carpetbaggers are w

welcome. To drive the wa

home, a limit of 20,000 share

has been applied on any a dividual holding.

board. Few have been.

Shares may be sold, but out

with the approval of the true

No interest is paid on the

shares. But after each year

revaluation of the forest

bonus issue of shares is made

proportionately to #

shareholders to lacress

Bonus issues started at 5 per

The current asset backing

cent in 1975. This year's was

can make income from the

Many have, either for we

or months during the winter

at weekends (exactly by

many, Kitchin does ta

for periods during the with

bunkhouse or in neighbord

But they don't come justin

the money. In fact, many lat

their wages, or all em,

expenses, in shares. Rough

\$12,000 shares were "boogle

in this way in the 1978-79 ju

because they like the place

And not just ordinar

members. All board member

have worked on the place.

Kitchin contrasts this with

the directors of the blg co-

panies, like Forest Product

what goes on here."

Our directors know exact

The sense of belonging

sharing in the project sa

monager but in reality also

cross between a gen

manager and company

and because it is their

They go up to cul scrub. "

about \$1.50 a share.

shareholdings by roughly the

company.

Kitchin persuaded him to take some shares and when the trust got big enough to justify a full-time forestry manager in 1978, Cornelius took the job. He and his young family now live on the property in a house completed last year.

The family aspect is important. Cornelius finds himself performing something of a social worker's role. From the start the trust

encouraged teenagers to work on the place. Most of them have been Maoris, which i natural, since around 80 per cent of the trust's members are Maoris. Some have been in trouble

with the law and others seem to be heading towards trouble Kitchin says the co-operative "gives us the opportunity to look after our own".

He and the current trust chairman, Jack Hamlin, have nicked a number of young Maoris out of the freezing works and taken them up to the forest — "one of us on each side, talking to him all the way, jostling him with our

Once there, the new recruits are thrust into a communal lifestyle, where they are treated as equals and at face

They have little choice but to work — and at the speed o their fellow-workers who don' like slackers undermining their enterprise. In return they learn a skill, get paid and, because the trust has a rule that one-tenth of all wages are paid in shares, start to build up an ownership interest.

Cornclius gave the example of one of the workers at Te Kowhai who had come from Social Welfare

At first he refused to talk to anyone, particularly the "honky" Cornelius who ran the place. Three months later, he was a fully integrated. outgoing member of the team.

Cornelius says many of the young workers spend their weekends at Te Kowhai in preference to going back to

"Some have got very little to go home to," Cornelius says. They regard this very much dramatically since 1972. It as their home." tree now, compared with 4 to 5

Few - Cornellus could emember only four — resist the integrating process. It is, therefore, not surrising that the Social Welfare partment has made use of

the trust to place some of its Napier social worker Jim Barnes says there is a good atmosphere at Te Kowhai, one of comradeship. The work helps young people "develop a seli-identity". Being far from town, Te Kowhai also provides "controlled environment", limits on what the boys can do. east Asian forests and in the United States they have not replanted forests.

Another social sideline of the

irust's activities is a proposal

to set up scholarships so that

young trust members can get tertiary education in skills

related to the trust's needs:

forestry, accounting, law and

Kitchin also wants to take

the Maori aspect of Te Kowhai

a stage further and introduce

instruction in aspects (

Maoritanga — carving

language and so on - for

weekends, evenings and wet

Originally the worker's quarters were intended to be in

a U shape surrounding a

covered courtyard to make

this easier. But there was not

by the board. Kitchin is

determined something like it

cultural spinoff, the trust is

primarily about money.

made on a business basis."

But whatever the social and

Cornelius says: "We are a

The return on invested

capital, which will be paid as a

flat percentage dividend per

share when the forest is cut,

This includes the benefit of

was originally calculated at 10

an annual Forest Service

forestry encouragement grant

equal to half the forest

development costs. The trust

gets the grant on the same

basis as a farm would - the

only difference being that

farms will normally put in 50

hectares here and 50 there,

compared with Te Kowhai's

costs 18 cents to prune a young

But so, too, have estimated

The estimated annual return is now 12.5 per cent, which

returns. The rise in the market

value of trees has been out-

promises healthy nest-eggs -

provided that trees are still in

demand in 1995 and

This does not worry Kitchin.

capitalist system which has a

hell of a lot of waste," he says.

"They have looted the South-

"We are blessed by the

stripping the rise in costs.

have

per cent a year.

Costs

cents then.

enough money so that had to go

there is going to be a substantial shortage."

providing productive inv**es**tment in a country that is MIKE KITCHIN . . . turning unemployment into trees. going to need huge capital

Our consultants tell us

And even if it doesn't turn social benefit of the trust out quite so rosy — well, that it keeps a number of shares at the start that "they the taxpayer money. He might get nothing back". ealculates that if the trust did

paying out at least as much in dole money to the people who

work on it as they pay in forestry management grants. Tax-deductibility would help trying to persuade tax the trust's expansion plans. The trust is cycing two more Bay and aims eventually to surance premiums and

superannuation contributions

have 8000 hectares in forest Already, the trust is thinking in terms of another full-time deductibility also on other expert, a small year-round grounds: that the trust is full-time work gang and more The official application form

talks also of possible diversification into deer farming, Kitchin claims it is mostly a livestock farming net gain to investment because It is coming from people who But not into the freezing

would probably otherwise industry He also points to another

The Hawke's Bay Formers Meat Company, owners of the Whakatu works, have helped the trust with loans and free Kitchin told those taking up people off the dole and so saves deduction of contributions from wages (and possibly

And Kitchin says: "If it is good enough to get \$9000 or \$10,000 out of the company, It would be a reasonable

proposition to invest in it." But he adds: "There is no way we could have the same degree of personal involvement that we can have

Shareholders' annual meetings, for instance, are family affairs.

To Kitchin, involvement is the key. "Investment makes stake in something

"We are proving by economic co-operation that we can build a massive asset for ourselves and protect our

"We live in a society that has free enterprise system that prepared to nut a lot of effort into making it work for a lot

Curiously, the favorite magazine of many businessmen is not about business.

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SRG reported: "There exists a definite tendency for the businessman and professional to categorize magazines into those that must be read from a business/professional point of view, and those that are for leisure time reading. For many business

elites, this category belongs exclusively to Reader's

"Digest keeps me well informed on a lot of things. Information which I use in day to day living.

SRG reported that all the respondents had an emotional attachment to the Digest. They spoke of it. with warmth and familiarity. To them there is no alternative, no other publication that offers the same important features.

"When I'm finished, I keep the Digest... there are times when I go back to read an article again. I use it as a reference, "said one executive.

The executives surveyed represented many nationalities and they were engaged in a wide variety of occupations. Further information on this survey will be supplied upon request.

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Conference pitches 'quality' in marketing bid State corporations ignore public interest

TRANSPORT

With a conference, says the

report, sailings can be planned

in advance and at regular and

convenient intervals.

and future requirements.

Meat Board's disagreement with meat exporter Waitaki, which wanted to use non-conference ABC Lines to ship to Europe, has prompted a re-examination of the reasons for the longstanding relationship between the producer boards and the UK Conference.

A conference is a gettingtogether of shipping lines serving a particular trade. The lines agree to provide a

regular service on the basis of an agreed rate structure and at the same time fight off outside competition.

Conferences - seen by many as monopolistic - over the years have been the subject of close examination. into New Zealand Shipping, set

up in May 1970, produced a 301page report in June 1971. Chaired by R D Jamieson SM, the committee concluded:

distances over which bulky products have to be carried by specialised and up-to-date carriers, one can only conclude that the conference has served New Zealand well."

Quoting liberally from I G Stewart's book "The Ships that Serve New Zealand", the Committee of Inquiry's report notes that the conference system is thought to have originated about 1875, when a conference was formed in the

By that time there were too many ships in the trade to carry available cargo and competition was such as to drive many from the trade. The survivors found it was to

their mutual advantage to reach an understanding.

1873 Shaw Savill, the Albion Line and the NZ Shipping Company had agreed on uniform freight rates, while by 1879 a further agreement on 'If one considers New the carriage of wool and Zealand's geographical mutton had been reached.

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the New Zealand trade. Standardised freight rates simplify costing for the owners of cargo carried...conferences pride themselves on the fact that all shippers receive equal treatment irrespective of the size of their shipments."

The report notes that there is no scope for price competition among members of the conference and concedes that purists who still believe that free competition in terms of price should exist under all circumstances will naturally disapprove of a conference and set up the cry of "monopoly." "Bearing in mind New

Zealand's inability to provide all the ships which she The lines in the group are requires to carry her produce assured of a certain quantity of cargo and can therefore more around the world, the seasonal readily estimate the amount of nature of shipments and the stability in a type of business "Huge amounts of capital which, unless regulated, is subject to sudden and large of conferences. But the are required for the building of modern efficient ships...the swings in price, such ships that are required are fast arguments lose much of their

long-distance refrigerated force."

BERNIE KNOWLES ... cer-Stewart says that as early as tonnage necessary for present necessity for some price saying that although rates are competition among members

11/4 A 160

Stewart suggests that this Australia where only no carriers...they are essential to The report quotes Stewart as competitive field remains has this been done. wide, since membership is usually international.

competition is confined to

He points out, too, that for carcase lamb to the list should a conference fix its typically \$440 from 54 freight rates at too high a Zealand and \$570 at: resulting Australia. dissatisfaction of shippers may attract competition from lines offer a good sdiscourage this is by keeping

Stewart suggests that by and mean there is no me large shipping rates find their improvement, no me

The 1971 report does not regard outside competition as established lines as it said a great force in the case of the us nil), and a processive NZ — UK conference, because facing such compelling sich competition can come only have to be so much bear : from owners who have simply survive. available the "fast-up-to-date There have beautiful efficient refrigerated vessels over the 160-year higher which the New Zealand trade conferences of outside it. requires.'

"Phose who at this point feeting New Zealand our! think of the case of fruit exports should remember that decided to secure a should fruit is a special case. It requires a particular form of refrigeration, and there are m the world refrigerated ships designed specifically for the carriage of fruit. If the trades for which they have been built and upon which they are normally employed are benefits much from sal fits in with the period during which New Zealand fruit is to move around the most is to move around the world, then Britain, the establishment obviously such ships may be would see each would see able to provide a very acceptable service to New carrying 10 per cest is carrying 10 per cest is carring 10 per cest is

"Such ships may be able to offer lower rates than the either a rate inch general purpose refrigerators reduction in service chiefly required for the New lines reduced the Zealand trade. Price com- what do they do will petition is therefore possible in ships in an over that case. It should be noted, world? however, that here again it is The producer by nowever, that here again it is the product of the p determine the matter. The aware of the quality of the service also it would be under they preferred to the preferred to

"We agree with the view that despite the pros and cons of the conference system, no critic of it has yet suggested a workable alternative arrangement which can provide what a shipper from provide what a shipper from looking at the problem New Zealand needs most high-class specialised ships, regular sailings to ports as scheduled, whether the ship is full or half cult and a stable of makes sets. full or half full, and a stable ports, it makes sets

Dairy Board general avoid two ships arin avoid two ships aring and avoid two ships aring avoid to ship avoid two ships aring avoid two ships are avoid two sh conference of the Chartered It makes selection of the Chartered Institute of Transport, listed a number of requirements from a transport user's point of the distribution the distribution. a transport user's point of tervals to avoid with the distribution the distribution that the distribution the distribution to have a convenient service, one with a high degree of certainty, one compatible with

all modes, one that is then and also credible. And the was the most important tags - cost?

Said Knowles: "If I had on choice of important factors would be that of certain The conference system great asset, of course certainty.

As the Commission: Inquiry reported, it offen, service which is planted to in advance at standard freight rates, open to a rrespective of the size shipments and with the ta ticipants competing r grounds of quality, althou not price.

A good quality senio: wanted far more than a de service by most exportence

> As far as price is coosed producer boards in Va Zealand have long been parto freight rate negotian unlike the situation

It could well be for to reason that the rate pain

But because the confecservice (a generally att. debatable point) it de:

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Economics Correspondent

AIR New Zealand solicitor M J Neville made news recently when he told the Air Services Licensing Authority in Auckland that the airline "doesn't look only at this nebulous thing called public interest" when it considers the amount it charges passengers. Air New Zealand was then successful in its application for

an 11.25 per cent increase in domestic fares. It seems like every time a traveller gets on a domestic even though Air New Zealand is 100 per cent Governmentowned and rightfully all taxpayers are shareholders, shareholders number many the public may never know the

> increase its fare by so much so In its submissions before the Air Services Licensing public. But they are still Authority in Auckland, Air New Zealand claimed that it was "a private company that has a business to operate". The Licensing Authority granted its request to withhold a profit statement for the

full story of why it has been

necessary for the airline to

What Air New Zealand the general public is means when it claims to be a guaranteed by the fullest private company is unclear. A private company is a company formed by a small number of persons, usually between two and 25. It is the most common statements of companies in the

airline's domestic services and

PROGRAMME? required to present comparative figures for the previous vear.

But while the Government has clearly laid down the law for companies in the private sector, it does not always follow its own prescription when it comes to Government system becomes strained.

Apparently, the public needs protection from the actions of private sector companies but should rest assured that the Government corporations will always look after the public

Just what is in the public's interest is hard to know, as the Air New Zealand case illustrates.

Is it in the public's interest that internal air fares are kept low or is it more in the public' interest for Air New Zealand to make a profit?

Politicians and the public seem to have an ambivalent attitude toward the making of profits by Government trading

When a company like Air New Zealand makes a profit, it cessive. Or it could be a sign that

management is efficient. Neville seems to regard a profit as an indication that the company is acting in a business-like manner,

whatever that means,

The Railways provide an interesting counter-example. When the Railways make a loss, it could be because of a desire to keep fares low in the public interest. But lately, some politicians have instead suggested that losses by the Railways are a sign of inef-

ficiencies. Since this Government took office, State trading enterprises have been expected

to make profits.
To help the enterprises along, the Government has raised charges. There

justifications to charge for the provision of Government charges is a more painless services. Charging can act as a system than financing from the provision of Government trading. A member of the public who undertakings give rise to profit is interested in judging for figures which are somewhat the government trading. rationing device to prevent the general revenue such as suspect. wastage of a product. For example, if there was no charge for visiting the doctor, finances those things from practices vary between people might have a tendency taxation where it is unclear

allows the Government a market indicator to determine the demand for a particular good or service. When the Government needs to make choices between various reflect the quantity of the services it is able to provide.

ailments.

THE ECONOMY

form of business organisation

Air New Zealand is hardly

what could be called a

"smaller trader". Further, its

Large traders usually

register as public companies.

These companies are called

open their shares to the wider

privately owned, rather than

All public companies are

An important principle in the

Companies Act legislation is

protection

practicable disclosure of in-

formation concerning the

The annual financial

private sector are required by law to exhibit a true and

complete account of a com-

In fact, the Companies Act

goes so far as to prescribe the

form of presentation a com-

pany's annual report must

pany's affairs and tran-

activities of companies.

required under the Companie

Act to publish annual financia

for the smaller trader

more than 25.

service the full cost of providing that particular good

Finally, when it is possible to establish a clear relationship from consumption of a good or service and the charges levied

The Government naturally

who benefits. For example, illments. education may benefit people
The existence of prices other than students (it has external benefits) so it is financed out of taxation.

Electricity and air travel, however, are clearly private

Those people who pay for services, it can adjust prices to those services benefit from them. So the charges for the services of the Ministery of Economists argue that to Energy Resources and Air ensure that all resources are New Zealand should perhaps put to their best use in an reflect the user pays principle, economy, it is necessary to but should these Government charge the users of any good or trading departments make a

To answer this question, the taxpayer must be able to analyse the financial statements of Government corporations.

counting practices employed September.

In addition, accounting Government trading undertakings so that it is not possible to compare the profit figures reported by different trading activities

One common practice is not to charge a Government trading enterprise interest on its capital advances when its profits are low. This is one method used in the past to show profits for the Tourst Hotel Corporation even when the department would have accounting practices.

All Government trading departments, including Air New Zealand, usually publish

Parliament about this time of Unfortunately, the ac- the year, that is in August and

ment is running its enterprises n the best public interest, may buy annual reports from the

before said members of the public can fully understand what is going on from the annual reports.

And, if Air New Zealand is anything to go by, it appears that Government corporations like things they way they are.

While members of the public derstand if charges are justified, they won't have the energy to fight internal airfare increases, electricity bulk charge increases and increases in postal

These reports are tabled in NEXT WEEK: Economic correspondent analyses the annual report of the Ministry



"Benmorven is truly a masterpiece." July 1979

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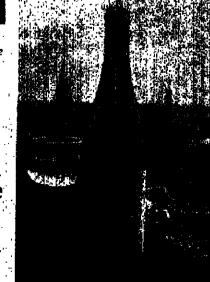
"It is worthy of the Gold Seal which it received at the 9th International Wine and Spirit Competition in June 1978 in "It has a fresh taste, a strong

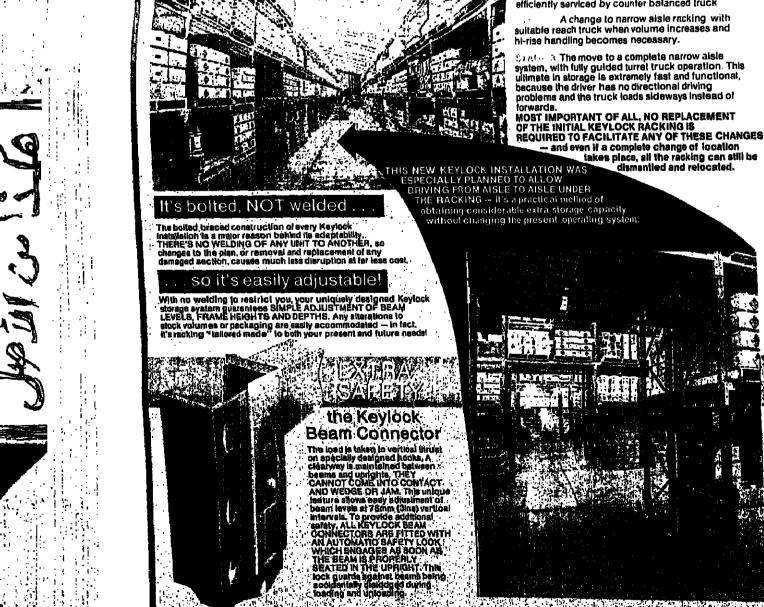
bouquet and is sparkly (Lively).

Leading NZ in the world of wine

''It can be compared to a German Qualitätswein mit Pradikat – lusiese." Qualitätswein mit Pradikat. This is

a designation of quality which appears on the label of a good German wine. 'Auslese' means wine made from selected bunches of





Hanlon Beiny

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Ratepayers' revolution gathers momentum

by Rae Mazengarb

IT'S not quite the earthquake that shook the state of California mid-last year, and observers who pass it off as a mere fad may be right.

But those behind the rates reform movement say they mean business and insist they are serious about their cause.

Already the movement in New Zealand echoes more than just a little of the infamous Proposition 13, which was swept to victory in California, then went on to spill into a further 40 American

But is New Zealand set for a

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gained momentum in recent weeks - and there is little sign economy.'

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Association (NZ) Inc for its and I respect them," he said. — that an overbloated travagance", has tried to draw pointment that the association fast trimming.

pamphlet calling on facts". Wellington ratepayers to take The argument centres cent per year. a stand.

countered with an eight-page be, with regard to available resources. Weyburne and his growing But neither side is prepared

to back down. According to a Rates Council takes on far too much

of that momentum flagging. But Fowler had said he in Fowler's attitude seems to region

Reform spokesman: responsibility in areas beyond burton, Dunedin, Christchurch "Fowler's reply is like a tomb its sphere of responsibility.

If it needs

fixing...

talk to us

of platitudes. He is defending a One member of the Bryan Weyburne is one of the prime activists for the cause in dinosaur; when the lights are association said his interest going out all over Wellington, was sparked by "the partly because they are being disastrous growth of a than \$800 in membership He says the movement has strangled by rates, he makes bureaucratic glant", which is contributions. not one concession to more manifest in Wellington than other centres.

So much momentum that the fact welcomed the establish- be that the council's many Wellington City Council, ment of the association, "and I functions are "worthwhile association hopes to bring

Engine Reconditioning

We have a heavy and

light division and the

heavy engines are

in New Zealand.

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reconditioned on the largest and most

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engines are tested under

simulated conditions and

chiefly around what the func-

band say the Wellington City

local authority service(s)". Auckland-based groups under its umbrella.

In the past, taxation being the have tended to be fought hou. criticism from the Wellingtonborn Rates Reform it who are skilled in their fields led up to the Californian revolt

Lobbying f

Proposition 13 was hailed as

It seems a provocative

and Lower Hutt to complement

happen in a long time.

Wellington's activity.

Weyburne savs

Lobbying for support is already under way in the "mismanagement and ex- But he expressed disap- authority was in need of some the heat out of what seems to had "undertaken no serious The Californians won for in the short-term the

the heat out of what seems to be developing into a national campaign.

The association took potther that the association in the short-term the short-term that the association plans to set up a study of the council operations or responsibilities.

The californians won for in the short-term the "people's" battle fought the second to study of the council operations or responsibilities.

The californians won for in the short-term the "people's" battle fought the second to second the second to second the second to second the second that any local centres as possible, to contest for the purpose of opensions of the second that any local centres as possible, to contest the second that any local centres as possible, to contest the second that any local centres as possible, to contest the second that any local centres as possible, to contest the second that any local centres are provided the second that any local centres are possible, to contest the second that any local centres are possible, to contest the second that any local centres are possible, to contest the second that any local centres are provided the second that any local centres are possible. The association took pot- He even accused the further decreed that any local contest to the purpose of oppositions at the council in a association of "inventing tax imposed thereafter could the local body elections in rates increases which is increase by no more than 2 per those areas.

country by experts in the tax (They rarely lead to dring changes.)

But the rates "revol" h don't regard as justified

Mayor Michael Fowler tions of a city council ought to one of the healthiest things to Reformers define limits Rate reformers have of local govern

established branches in Ash-IF a private organisation Rates reformers publish continually overspends, it goes hefty transport losses - t bankrupt.

One recent meeting in the overspends, it simply ups its saying the majorly of budget for the following year. ratepayers don't in fact me. Wellington area raised more It can continue this practice use of the transport facility because it has always had an Next phase in the operation inexhaustible source of money is to penetrate the Auckland its disposal — the ratepayers, say the rates one year, said Associate

> reformers. But what if the ratepayers refuse to pay?

The Wellington-based Rates Reform Association is calling on ratepayers to make such a stand, because "rates have from rates, are not fundical become so high that they are the local authority but a now threatening the economic tivities which should be be existence of those who provide over by central governed

The association claims council will be happy 's Wellington is one of the highest central government to the rated cities in New Zealand. Yet only one citizen in four is but until such time at providing all the city's happens ... ' finances.

Further, it claims, no attempt is being made by the office, a city valuer a: to reduce associated staff. overheads while it is involved Rates reformers say-late in projects which are not its out this work to private firm

The association cites the zoo, the tip, the library, the trans- that Wellington Chy Cozzai is schemes, welfare services, the approaching \$120,00000 pt "overbloated" staffing annum", Fowler said. situation and other functions which are costing the people available and ti-

ratepayer money. Wellington's mayor Michael provided by the profession Fowler defends the council's people in the private sets 1 position saying that compopulation have "little validity", since differential rating and the level of services planned by the could be

provided are complicating cited as "expensive immission factors. and the committee of the c But this is begging the oil economically function question, according to the rate city council to own some reformers who say the rates million worth of page load is spread unevenly and especially when it is that just 36,000 ratepayers can bringing in a fair relum; no longer be expected to support the entire community.

The association suggested wellingstand from the support to the support the community. Wellington's situation was

approaching that of New York.
"What a nonsense statement that is", came the reply.
Council and a statement and Parliament. Council members were Defending profi experienced in money matters ownership, "we have to ownership, "we h

position to arise, Fowler said. Municipal Associals But the rates reformers say with Government to be -wasn't New York? And what changed. To date our about Securitibank and JBL? have not p Fowler contends such comparisons cannot fairly be made.

Fowler said.

Fowler said.

The problem of Gorant in the problem of contributing in the contribution in the c

Overseas, local authorities revenue had been revenue had control functions such as ing, and successive health, welfare, education, fire had not met with services and the police. These success as we would are the areas which have brought fine and the police that the said. brought financial problems.

"None are the functions of Rates Reform Assets in local government." local government in New how they propose

The association recently mind on a melicinal save examples of hustraneous mind on a me Zealand." he said. gave examples of businesses which were having difficulty paying the rates of the commercial areas.

Fowler said the information was "irrelevant". In most cases rates did not form a significant segment of expansion in the same of expansion is a significant segment of expansion.

cases rates did not form a significant segment of expansion business operating costs.

A large slice of rates went travagance, and toward maintaining the public transport system which brought business to the commercial green be said. commercial area, he said:

pected to reach around h But when a city council million for the current year-

Taxl drivers reckon the

could make own-yours

minibus services payaffets

president Bryan Weylow

who attributes the loss:

Rate reformers ben

pensioner housing school-

and welfare services have

Fowler's reply: "l add

adequately finance this str

supports a city solicity

as is done in other centres.

"What is not appreciated is

"We need profession

Wellington City Cont.

bad management.

Several EDP projects to date had been managed with PACTEL staff being brought over from Australia, but this has sometimes caused operating difficulty with staff working 1400 miles from home. J P Scott & Associates are

Barry North.

EDP joins

consultants

A JOINT venture commenced

the other day between PA Management Consultants and J P Scott & Associates. The

project will provide PA with

access to indigenous software expertise, while equipping Scotts with the capability to

handle management oriented

projects. The arrangement will enable

both companies to offer their

clients a more complete range

of skills and therefore be of

considerable mutual beneift.

In most other countries

where the PA Group operates, it has founded its own wholly owned subsidiary PACTEL to

specialise in EDP work. The

possibility of setting up a PACTEL operation in New

Zealand has been explored but

lack of suitable local staff has

proved to be a major problem

said PA managing director

well established with offices in problem, says the council's Wellington and Auckland. The arrangement will give the software house contacts in senior management which it did not have before said

managing director Phil Scott. It will inculcate "a deeper understanding of management problems" — a factor often felt to be lacking among EDP specialists — and will add particular strength in project

At the head of the joint venture will be Ray Newdick. Formerly a senior consultant with PA, he has moved back into the profession after a brief interlude as General Manager Ariki Industries in

Newdick sees his role as one of liaison between the two sponsor companies and as a the joint venture's services. the situation requires.

This will ensure that the team carrying out the task, is tailor-made to the client's specific needs. Such a company, armed with both management and computer expertise will be a valuable addition to a market, where so many badly implemented projects can be traced back to ineffective communication setween management and

software people said Newdick. The joint venture took off at the beginning of September and already prospective clients are negotiating with the

DP sector seeks staff

WHILE other sectors of in-dustry are faced with threats леmployment as a result of advancing computer technology, the DP business

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COMPUTERS

itself continues to suffer from a drastic shortage of trained

This lack of people to service the country's increasingly pervasive computer equipment is to be brought directly to the attention of Cabinet, following the emergence of a report from the Com-munications Advisory Council. The council, an advisory

body to Government on matters of communications and the closely associated field of computing, surveyed the DP staffing position through questionnaires to 300 computer nstallations. It quantifies the DP staff

supply as 20 per cent short of current demand. The report recommends some "shortterm'' solutions to the executive officer, Clarry Webber, but its detailed contents will not be made

public until after the presentation to Cabinet. The 20 per cent figure, says Webber, is confirmed by DP managers and bodies such as the Computer Society and the States Services Commission with whom the report has been

discussed Enthusiasın for the business is certainly not lacking; school leavers and university graduates are taking in creasing interest in the wellpaid computer field. One big shortcoming, it is generally agreed, is in the availability of suitable training, and the willingness of potential employers to accept "trainees" even trainees with good and spearhead for the marketing of specific academic qualifications. What they are The joint venture projects seeking is people with "exwill be staffed by consultants drawn from PA and Scotts as the climater of the climater o by obtaining work in the first

> This tends to bring an increasing gravitation towards Government posts, where trainces tend to be more readily accepted. The Health Department's DP division, in particular, has a well developed training scheme, but tends to lose its trained programmers and analysts in a fairly short time to the better paid private sector.

Director of the division. Eddie Cox, describes the situation as "a scandal". Some form of specific

subsidy for organisations taking on DP trainees could. therefore be an appropriate An additional problem facing New Zealand, however,

While New Zealand DP people have always looked favourably at the prospect of an Australian position, there have recently been signs that Australian employers themselves are becoming

higher rates of pay across the

more actively interested in recruiting from this country. This presents the problem o preventing our own trained people from drifting to Australia, and ensuring that part, at least, of the perpetual international drift of DP personnel comes not to

Australia, but here.

No-one from the industry bas managed to come up with a toolproof plan yet to achieve either objective, tough there appears to be some profit in our employment, agencies keeping in close touch with those overseas.



Fair hides computers

by Stephen Bell

WITH the amount of attention being directed on computers as the outstanding example of progressive technology, one might have expected a heavy presence of computing equipment at the World Trade Fair, which finished in Wellington the other day.

Yet the computer equipment which was present was well hidden, among machinery ranging from a Korean automatic telephone dialler to a Chinese loom.

Of the big United States and United Kingdom computer manufacturers there was no

It was left to Italy and New exhibition's "pure" computing storage.

Olivetti, represented on the Italian stand by its New Zealand agent Armstrong and small computer, as well as two models of its TES word processor series and the latest entry in the "power-typing" area, the ET 221 "electronic typewriter"

Exposure of the machines should help to broaden the as a supplier of typewriters and accounting machines, said spokesman Martin Turner.

They are competing in the market against companies better known as computer suppliers; for example Hewlett-Packard, with its 9800

Nevertheless, some market penciration has already been achieved, with the Post Office taking delivery of several 6060s last year.

Good response was reported at the fair, but most of the public's attention, not surprisingly, was being devoted to the "power typing" equip-

The TES machines with their lack of a large screen, have already made the line between typewriter and word the other obvious "computer"

Apart from the single-line Representative Peter occasions NBR visited it.

public's perspective of Olivetti POV. ER TYPING . . . Italy offers latest entry

like a typewriter.

memory are provided, making it suitable for routine office only from the point of view of tasks, rather than the public interest, but also specialist paragraph-shuffling and variable field insertion of the word processors.

correct text on the display is supplemented on the ET 221 its type-head to skip directly to the first character of each field

to be entered on a form. Zilab, of Auckland, showed processor hard to draw, The lts Zilog Z-80-based ET 221 goes even further in the microprocessor in its capacity Today. Unfortunately, while typewriter direction, omitting as a pure computer, as well as plentifully equipped with in its best known role, driving Zealand to present the feature, the floppy disc a plotter for drawing ar-

chitectural plans.

LED display and a few swit- Moosberger said the company ches for such functions as had originally intended to automatic justification, the come for only part of the fair's machine looks and behaves run, but, in the face of good response, decided to stay for Only 830 characters of the whole period.

The fair was rewarding not because it offered a chance to interface with other exhibiting ne word processors.

The WP machines ability to and similar fields, who could present a potential market for

microprocessor control. with a normal electric. The microprocessor made typewriter correction ribbon. Itself obvious on one other The machine can also store stand in the New Zealand "form layouts", allowing court, that of Solid State Equipment, showing

dataloggers. A banner proclaimed "The Microprocessor -Tomorrow's Technology literature, the stand was representatives on the three

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Analysing annual accounts by Peter V O'Brien WILKINS and Davies Construction Ltd improved its performance in the year to March, but the condition of the substantial which has to the condition of the condition

Financial advertising up for control exercise

THE Securities Commission's 126 page tome - Background Paper on Financial Advertising Control was released last week as a guide for those tensive who want to make submissions on proposed regulation to control financial advertising.

The background paper contains the commission's suggestions on broad areas of activity which could be looked at by those making subnissions, who should indicate mission by September 30. (If issue "backgrounders" of this programmes on radio and size its records space will need television and by agreeable

(available from the com- control? Amongst those who mission (or \$10) is too exfor detailed examination in an article, but some sections are worth danger signal. Do we broadcomment. Referring to offers cast that fact, and leave it of securities to the public, the document says:

Those who make offers to the public take pains to all this. Advertising is a At develop a good name — a substantial source of revenue warm public image. They do it for the media, for advertising by advertisements, but more agents, mailing agencies and

references in the press. What from others. Examples of The background paper is here to come under legal

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know the financial scene, an intensified campaign of imagebuilding is a well recognised upon it, and if so, what law?"

jectionable will interest us we are collecting some — and would like more The question of these preliminary "presentations" may create problems for the

"We would like to hear

"There is a lot of money in to the public is an example. two look for participation even organisations, Fisher and Paykel and the Australia and New Zealand Banking group public relations consultants. are planning share issues to

involved in the issue of shares

It is no reflection on those securities, including in financially sound and well vestment advisers and

with growing expectation. The expectation arises from is proposed. The investing there - or do we want a law commission. The build-up public, therefore can be expected to take considerable

> before a prospectus is filed. Every sharebroker and financial advisor will tell a potential subscriber to wait until the details are known about terms of issues, particularly at times when alternative investments may

be attractive.

But it is a far bet that wellpublicised share issues from strong organisations will lead some people to grab an application form, with minimal reading of the offer documents. Again that is no reflection on the companies making the offers, because the prospectuses carry easily readable warnings that the document should be discussed

with a professional person. The problem is where to draw the line between legitimate publicity and exercises designed to ensure a successful float, which can overstep the boundary of

Self-regulation is a second matter under commission consideration. The background paper says the commission would welcome submissions from interested parties as to the role of selfregulation both by the media and by advertisers and their respective organisation.

Reference is made to Canadian report, attached to the paper, which raises the suggestion that there should be power to require a named entity to file with an administrator all sales literature and advertising material at least seven days prior to its use. The commission asks whether this would be a useful suggestion for New Zealand.

The rules of the English Independent Broadcasting Authority on financial advertising are also attached to

They are interesting, because they prohibit the use of "celebrated entertainer, writers or sportsmen" to present, endorse or recommend any investment or savings offer (take note, New Zealand Government when advertising your cash loans and savings stocks).

The commission has set as "stage two" of the regulatory exercise the question of

practices regarded as ob managed companies to say writers. This matter ha received little attention in New

> Financial writers, and other commentators, can have connections with the security on which they comment (as the present writer is well aware see the notation at the end d the investment column e interest in the issues, and to Page 26 which will be tagtinued in order to overcon: any problems).

> > It seems desirable that sore control should be exercised: this area, even if it is only disclosure of interest. Should people in sait

positions disclose whether the or their investment on mittees and so on hold the shares which they recom mend, to avoid any possible misunderstanding?

Should the range of t vestment advisers, outside the formal organisations of the Stock Exchange Associate and similar groups, registered, licensed, require to disclose their interests of provide other relevant it formation?

They have to do one or more of these things in other countries, but New Zeeland has never applied itself to any potential conflicts which can arise in these activities (Again this question applies t the present writer who has t objection to sensible rules the subject.)

The commission probably get to these matter after dealing with general financial advertising.

HASY

BD2 Fibremakers NZ Ltd, Team 1 BE3 General Foods Corp NZ Ltd 1 Richardson-Merrell Ltd CORBET BF5 Tasman Pulp & Paper Co Ltd. Team ! THE CONTROLOF WORKING CAPITAL BH2 East Coast Fertiliser Co Ltd, Napler THE BALANCE, SHEET BARRIER BK | MWD, Turangi BL1 714.D' Head Ottice

by Peter V O'Brien

\$2.7 million. The net figure and prepayments assisted the compared with \$307,743 in the previous year, after allowance for general income, and prepayments assisted the previous year, after allowance for general income, and charging the expenditure which has to be disclosed in the \$42,841,000 (\$33,370,000) for amounting to the substantial which has to be disclosed in the \$12.46 a share — say \$12.50 tor

The document released last of \$2.7 million (\$3.9 million). week is deficient in several areas which would interest shareholders. Perhaps the partial acquisition by Fletcher Holdings Ltd might remedy be completed will affect the that the chairman's review some of the defects.

company's performance this should concentrate on those year. It may not, but in that matters. The main fault is the lack of reference to "work in progress" in the chairman's Work in progress is vital in a construction company's

dicates the possible state of the company's trading in the period after the balance date. Wilkins and Davies

effort, including use of consultants.

team so far in the round.

GAME LEADING TEAMS

Auckland Region

BBI E Andrews

BC 4 MWD, Auckland

BA1 Aulsebrooks Ltd, (Auckland)

3 IDAPS Computer Science (NZ) Ltd

Auckland & Central North Island Region

Tasman Pulp & Paper Co Ltd, Team 3

² UEB Industries Ltd (Papatoeioc)

3 J Wattle Canneries Ltd, Hastings

Hastings City Council, Team A

Pord Motor Co of NZ Ltd, Team 3

Wellington Chartered Accountant Mansell Enterprises

A King & Associates, Lower Hutt

B McCulloch & Associates

Wellington & South Island

A3 State Insurance, Head Office

oles 4 Team Game

Civil & Civic NZ Ltd
Dept of Social Welfare (Head Office)

Christchurch Chartered Accountant G L Bowron & Co Ltd, Christchurch

National Chartered Accountant (Dunedin Team 1
National Chartered Accountant (Cheh Team 1)
National Chartered Accountant (Cheh Team 1)

National Chartered Accountant (Cheh Team)
National Chartered Accountant (Cheh Team 2)
Markettered Accountant (Cheh Team 2)

Matheson International Ltd, Invercargill Christchurch Chartered Accountant

National Chartered Accountant (Wellington team)

² Tasman Pulp & Paper Co Ltd, Team 2

2 Beecham Research Labs

5 Feltex Furnishing Group

MSI Corporation Ltd

² Whatone Waliboards Ltd

Wellington Region

Gini Syndicate

Alli Plastic Film

3 J & R Strevens Ltd, Team 1

the market has proved vory sensitive to price.

most are still managing to make modest profits.

A \$600,000 lift in bank balance sheet, because it inand term deposits of \$753,379

tomputers Business Management Game are currently facing

tight monetary conditions not unlike the real-life New Zealand

situation. The "market is currently depressed", interest rates

are high and borrowing limits have been progressively

Administrator Dr Michael Jameson comments that the game

is already intensely competitive as teams endeavour to maintain

sales volumes by lowering prices and using maximum marketing

Teams overpricing their product have also lost out badly, as

Although some teams have already made substantial losses,

The best performance to date is that of A King & Associates of

Lower littl whose total profit is \$5.219 million, the largest of any

However, General Foods were possibly in the most secure

position with a comfortable lead of \$700,000 over their neares.

rivals. Richardson Merrell in the Auckland section of the game.

close and quite a few upsets could be expected by the end of the

round on September 28. The 20 winners proceed on to round three

in October. The two leading teams in each game are given below.

ACCUMULATED PROFIT

3830 3645

3608 4119

3359

3333

5041

5219

3443

4159 3474

3297 2917

2738

Dr Jameson commented however, that many games were very

(nil in 1978) were the main reasons for the increase in current assets, although a incurred in carning the year's calculation.) provision for work in progress current assets, although a fell from \$3.9 million in 1978 to \$430,000 increase in debtors

INTERNATIONAL

Zealand company reports.

'progress payments sum of \$160, compared with a

received", leaving a balance nil entry in the previous year.) of the Companies Act. accounts, under the provisions In view of the natural The company reduced its There is no elaboration of preoccupation with industrial investment in plant, vehicles the books at par distorts acthis figure in the report, so the relations, including the and equipment during the counts, and can produce a reader is left to wonder if a fall notorious Mangere Bridge year, and sold an investment in the value of contracts yet to problems, it is not surprising in BF Goodrich Chemical

decline in work in progress, the financial condition, parcurrent assets went up \$540,300 ticularly as eight pages of the investment was recorded in 26 page report comprise the books at \$18,000, so the sale photographs of completed or value was \$224,375. (Another balances and cash on hand, proposed construction investment of \$28,000 in Pozzolan Products Ltd was

indication of detailed expenses not appear to affect the The profit on sale of inoperating although that omission is common in New vestment raises the general question, which goes beyond Turnover was \$1.65 million Wilkins and Davies accounts,

which has to be disclosed in the \$12.46 a share — say \$12.50 tor \$13.50 if the profit is net of Pozzolan).

Keeping such investments in talse impression of a company's true worth. (NZ) Ltd. The capital gain

The report is unclear on the from realisation of plant was reasons for a substantial case the report should say so.

Room could have been found in spite of a \$1.2 million for comments on changes in profit of \$206,375.

The BE Condition Changes in the spite of \$6,853,000 in the spite of \$1.2 million for comments on changes in the spite of \$6,875. \$218,228, while the sale of in- disposal of plant and equip-The BF Goodrich Chemical 1978 to a 1979 "cost price" investment was recorded in both figures before accumulated depreciation) of \$6,645,000 but it may have something to do with the winding-up of the Mangere It would be useful to have an written off, and therefore does Bridge contract, or the completion of other work on

The resulting capital profit of \$218,228, after a probable depreciation writeback, is a healthy boost to capital higher at \$27.5 million, and of valuing investments in reserves, which were \$251,317 operating profit was \$890,000, private companies when they at balance date, compared

features, including an interesting graphic description of movements in capital. shareholders funds, turnover. assets employed, net profit. capital profits, and earning

The profit and earning rate graphs have substantial upwards and downwards shifts in recent years, reflecting the company's difficulties in carning a satisfactory return on its work, and in an industry pressure.

Even turnover dipped twice in the 1970's; in 1972 and 1977. Taxation is the final matter which needs attention in future

Various adjustments are explained in the notes to the accounts, but insufficient figures are produced to work what concession and adjustment relates to which

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to help.



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and hotels throughout the

UDC in Commerce

efficient management . . .

hardware required for

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is costly. Over the past few

y years, many companies

throughout New

country.

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petition. Weakness and-or

inellicient users of resources

allowing others to use the

Both philosophies are pure

and never work out in practice.

major reason. They could take

a lesson from unionism, and

various forms of politicing.

pression "the merchants

of the history of the Wellington

style of today's chief

organisation.

Chamber of Commerce).

the benefit of all.

Tree-sitters teach merchants a lesson in unity

by Peter V O'Brien

THE Associated Chambers of Commerce has a problem. It director Alan Simm, last week should be) the result of a lack in a lunchtime address to the inability to react to com-Newmarket Rotary Club in competition will result in

Referring to his view that titlement" to run a profitable getting out of the system and

"Would you fight for that resources more efficiently to entitlement? People sit for days in trees to save a forest. Acts of Parliament are passed The lack of unity among the private enterprise bodies is a to protect fish and birds. People march in the streets and hurl stones and abuse for a Politicians fight to spend more from private enterprise variety of so-called rights. and more of your tax dollar on organisation in other counany level of social welfare. accident compensation. education, or health benefit that a vocal electorate cares to demand."

(It should be noted that Simm's 17-page speech said a the top of their supporting lot of other things; about the current real profitability of business; union muscle; and the philosophy of profit related to efficiency and the overall state of a healthy economy. But there is an issue involved which goes deeper than those

unity. That is a concept which is lacking in the people whom he wants to stand up — and

The people he talks about who "sit in trees" know the value of unity. The unions know the value of unity. A union operates - when the regular stupidity is removed ___ task which may be turned on the principle that the weakest must be defended, and that the strongest exist to protect the weakest. That may work out differently in practice in particular issues, (and a power-seeking union officer may take advantage of the principle for his own aggrandisement), but it is the

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What happens on the other side? The nature of the system breeds the opposite view. subtle distinction. Weakness in business is tor

Then we come to other organisations. The Employers specialised trade enterprise supporting groups country as a missionary to the from the tree-silters.

other companies? They speak organisations and should form a Federation (call cynical faithful (not restrict, and represent, all Federations; the stock and it the Associated Chambers of paradox). Some room could,

There is an answer. The Federation; the Retailers merchants should pave the Federation: the Finance way. In Germany it is com-Officers Association; the of a "Chamber of Commerce". If that happened Simm and "pave the way"! Busice Insurance Council; all the In New Zealand all the private would not have to wander the can learn from the unions:

INVESTOR INSIGHT

price at \$3.45 would be 70

cents, the ex rights price of the new shares would be \$3.20 until

the interim dividend is paid,

and the head shares would

for, and represent, all received association and Commerce, if you wish; some made for the small supply that there is a station agents' association and Commerce, if you wish; some made for the small supply that the commerce is a station agents association and commerce if you wish; some made for the small supply that the commerce is a station agents association and commerce is a station agents. other name would serve the avoid big bushess purpose). The Federation dominance. Under the press would comprise the top men of system why should h the constituents.

council" would be unified and other methods to cut the Houses Association; the pulsory for all business business and pulsory for all business business and pulsory for all business business business association; the Life organisations to be a member much stronger than the parts. The pressure group system and pave the way"? Business business business are counted when the parts are consistent and the parts are consisten

the constituents. "merchants" get person.
Then your 'national involved, when they may ha

when specified prefere:

of local supply capaca

The current year state

bicycle market should do ac.

among a population become

Cash issues flow back into fashion

by Peter V O'Brien

THE cash issue is returning to favour. Freightways Holdings The Federation of Labour is Ltd (NBR, September 12) was a Federation. Its executive is the first company to make a elected, albeit after conpremium issue this year. Last week Healing Industries, the siderable political lobbying. from people who have got to Auckland based bicycle and industrial coatings organisations, again after manufacturer and engineer, announced a one for four cash The Chambers of Commerce issue at a premium of \$1.50. are fond of using the ex-

The Freightways issue has considerable benefits for payed the way" (also the title shareholders. The Healing directors have been less generous, although there The merchants did pave the should be good rights trading, subconsciously) the matter of chants", who ran their given the present high price classy profit record.

executives, were also the senior officers of the Chamber senior officers of the Chamber. the issue, after reaching \$3.85 In 1979, the President of the earlier in the year. The "low" Associated Chambers is a for the year was \$2.70. The 1979 branch manager of a bank. dividend was 17.5 cents on the Therefore (with respect to the President, who is taking up a dividend yield is 5.1 per cent. That is a growth company's spokesman for New Zealand rating in the present market, where leading companies are business is an officer of a large yielding more than 7 per cent.

The total price of the new Why isn't the bank's chief shares will be \$2.50, to give manager the President of the existing shareholders a yield Chambers? Answer: because of 7 per cent if they take up the payout is removed. rights. While the yield may be For the purposes of the table another one for 10 bonus.) his talents and time must be devoted to the basic business Fred Turnovsky of Tatra Leather is President of the company at \$3.45.

Manufacturers Federation, and a notable success story of man who came to New share price of \$3.45, before cum rights prices. Anyone for the specified preference Note: The writer present of the specified preference of \$3.45, before cum rights prices. Anyone for the specified preference Note: The writer present because the same because Zealand from a difficult allowance for a dividend wanting to calculate the dividend) was 48 cents a share. owns, nor has any beat consequence for a dividend wanting to calculate the dividend) was 48 cents a share. European situation. But do difference, being the interim position of the new shares until If the specified preference interest in the office of the councillors carry as much discontinuously and his fellow councillors carry councillors carry as much six months to September. Last removed can take 6 cents from capital, and a deduction made professional association. financial and other clout as, say, a combination of chief executives from NZ Forest Products Lion Brancials and other clout as, say, a combination of chief executives from NZ Forest Products Lion Brancials and assess the yield accordingly, over the holding Products, Lion Breweries, cents, so the company may period. Fletcher, Challenge Cor-reduce the gap between the Healing has performed well poration, the meat companies. two this year. Assuming that in recent years. The company the dairy industry (admittedly the dividend difference is 6 was listed in 1969, and net co-operative), and half a dozen cents, the theoretical rights profit in the year to March,

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and sound ratings:

Commercial Interiors

1970. was \$48,150 on a share—shares, the earning rate to capital of only \$400,000. The to 64.1 cents on order earning rate was 13.8 per cent shares, the 17.5 cents divide on capital in 1970, but rose is covered 3.66 times, and every year (with the exception \$3.45 a share the earing of 1977, when a substantial rise multiple is 5.8. in profit had to be equated with (It should be noted that the share capital increased at the are several ways end of the year through a calculating "true" emin takcover).

In the year to Morch, 1979, shares are involved b the company carned \$1,077,000, vestment analysis a on capital increased to \$2.25 suggesting that the amount million (including specified the company's tax concepreference shares) after a one on the specified prefer for five bonus issue during the dividend should be accord year. Profit jumped from for. The earning rates state \$720,869 in 1978, but the tax here are simplified to short provision was \$582,000, overall strength of Heatry compared with \$171,400 in the performance). previous year. Pre-tax profit The company has done? went from \$892,000 to from a buoyant bigge carry an ex rights value of \$1,659,000, an increase of 75 per market, including a pendle \$3.26, again until the interim cent. (The capital was in- year when demand were 2)

Dividend Yield well, with sales ahead do Rights Price Total Cost corresponding period of an (17.5 cents basis) avoids a sudden downer Healing should do well ? year and in future. The t system of tax incentite exports is likely to give t group another boost la

finely pitched, it is a con-the interim dividend siderable improvement on the (usually paid in February) has figure if a buyer enters the been ignored. The table sets out the rights price, total cost, The rights are valued at 76 and dividend yield (based on a cents on the basis of a head full 17.5 cents) over a range of

creased after balance date by more energy and like

Treating the specified verted to ordinaries, the potential members to enter-

preference shares as con modest gain, and it earning rate on the total company at a little beba capital texcluding a provision current market level.

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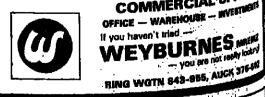
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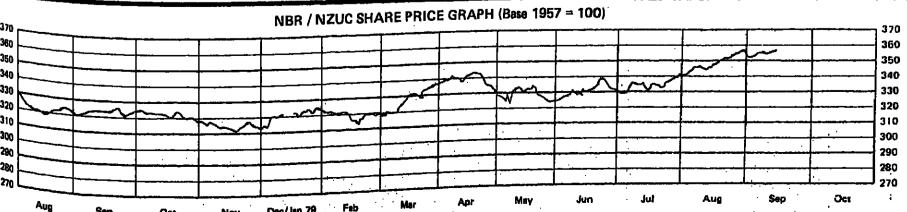
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NBR SHAREMARKET SURVEY

WEEK ENDING SEPTEMBER 13, 1979

1979 High Low	Last Sale Week's High Week's	Dividend	Dividend Yield F.E Raito	1970 High Low	Last Sale	Werk's High	Week's Low	Dividend e. Reported Thrnover	Dividend Yield P.E Ratio
115 100 AIRWORK, 50C 120 130 AA, G.A. "A 110 100 AA, G.A. "A 110 105 AA, G.A. "A 110 105 AA, G.A. "A 110 105 AA, J. WHITE 120 105 AA, J. WHITE 120 105 AA, H. I. T. 120 124 ALLIED FREES 120 120 ALLIED FREES 120 120 ALLIED FREES 121 120 ALLIED FREES 122 123 A. H. BIELEY, 50C 123 A. BROWNEY 124 AS PRINGHALL, 125 106 A. SPRINGHALL, 126 107 A. SPRINGHALL, 126 107 A. SPRINGHALL, 127 A. SPRINGHALL, 128 107 A. SPRINGHALL, 128 107 A. SPRINGHALL, 129 107 A. SPRINGHALL, 120 127 A. SPRINGHALL 120 120 A. SPRINGHALL 120 A. SPR	115	12.0 409 13.0 409 14.0 5000 14.0 5000 14.0 5000 14.0 1500 15.0 2500 16.0 1500 17.0 150	\$ -2	72	02 155 150 150 150 150 150 150 150 150 150	108 - 450 -	178	18.0	12.5



Bubble blows onto market

by Peter Isaac

CONFORM Plastics, the seven-year-old Auckland extruder in the nation

manufacturers now have access to an unbroken and substantial width of coextruded plastic sheet which does not require joining. Conform has now developed

its own range of sealing equipment allowing an effective limitless expanse of the co-extruded sheet.

The company which in 1978 won an export award for sales to North America can now blow an extrusion bubble six metres wide folding into one

co-extrusion is the "plywood" effect of two layers of plastic bonded together for greater

A major application of the CO-EXTRUSION . . . allows

industry where it is available in colour coded specifications.

The colour coding overcomes the problem on con- a whole range of specialist struction projects of work applications for low density being held up while building polyethylene sheeting. inspectors assess the thickness of the film being used. For useful in agricultural and example, 250 micron sheet horticultural applications comes in red and black and 125 where light reflection is im-

micron in black and yellow. portant. At the same time the co- Strawberry growers are extruded film because of its buying black and white cotwo layers is virtually punc- extrusions and using the white

side outermost to reflect sunlight under the plant leaves which increases growth through intensified light and at the same time is a deterrent to

The black side is turned inner-most to create warmth on the plant roots and to provide a dark shield so that veeds do not grow.

The commissioning of the

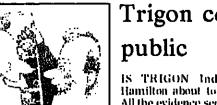
giant Gloucester co-extruder

has given Conform a reach into

It has proved particularly

Conform is also the only company with the machinery to convert its film into polybubble packaging — the thousands of tiny air bubbles give a packaging material that provides a layer of protective nsulation and is at the same time almost weightless.

This low weight factor is a particularly important benefit for manufacturers in view of transit through a layer of increasing airfreight costs. polybubble insulation.

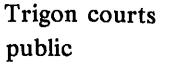


NZ PLASTICS

One substantial user of the polybubble packaging is Movements International

Conform, which recently moved into a brand new 2366 square metres factory became well known for its export of aquatherm bubble flotation swimming pool covers to the United States, Australia, and elsewhere for municipal and home applications. More recently, Conform has

opened up markets overseas for its postie series of bubble insulated postal bags which protect delicate contents in



Hamilton about to go public?

The company has mounted the most effective public relations oftensive of any medium-size New Zealand manufacturer.

Then there was the sudden announcement just recently of which now uses it for most the company's diversification Navy goes into rapid growth market sectors such as horticulture Plastic

> Plastic Products of Hamilton orders for three mineto plus the general economic which was sold to AHI.

After a period of time the Foreman family re-grouped largest vessels in the sa under the Trigon banner and then quickly drove back into the industry with a wellcapitalised factory and a highly motivated sales ap-

The time now seems to have The three ships will be come when Trigon managing long and 9.9 m wikni displacement of 615 to 2

make a decision as in the the big-league manufacture industry rides

The company a boomlet already resembles be CRUISING buoyantly into the

All the evidence seems to point to some kind of run up to a public offering by this go-go company status will biccup.

CRUISING buoyanty may carnote the plastics in last quarter the plastics in dustry presents the picture of a dustry presents the picture of a sector that thought it would be biccup. With so much intel lucky to last the winter out at all—yet now finds itself riding the boomlet at home and second to be the intelligence.

The story goes back to the Poreman to make hal end of 1977 when manufacexpected move. lurers suddenly found their orderbooks looking dismayingly skinny.
The bleak picture began to

compound itself during 1978 with threats of indirect taxation, a Friedman-style The company grew out of THE Royal Navy has a free market policy on imports, constructed of GRP. Tes slowdown especially in the with two other similar population began to fall. already built they water

With its heavy consumer-product emphasis, few in-dustries depend on a surging population growth to the same Moulder uses

So by the start of this year the plastics men could often be found huddling together as they generally thought the

There was even the not-sofaint cry of "Government Then came the dawn. The

spending spree re-stocking their depicted inventories with such high value plastic items as pipe, milking equipment, roofing and containers.

Then the packaging industry cut in for plastics in both primary product packaging and consumer goods

packaging.
By the end of April many smaller plastics companies raced into diversification programmes, frantically abandoning slow moving custom moulding lines as they rushed into their own products to insert themselves into their own pre-selected areas of the

That fundamental figure of installed at the Ellerslie the economy — the New factory of CPI which is a Zealand housewife — it subsidiary of Feltex. became evident by mid year was unflappable. She was

On top of the encouraging retall figures came the obvious conclusion that the Government was not prepared to risk pping the unemployment gures among the unskilled by livering a body blow to a najor employer — the plastics lustry — by opening the door any more than a crack to all these foreign imports.

moderately clearly through to he consumer boom before the 1981 election — a boom that is bound to eventuate if normal pre-election financial policies

Most important of all, the pumps suck air out of food unexpected surge in demand has allowed many plastics companies to satisfactors.

The problem with the

One of the really big fears was that the market downturn would leave many companies fith vast repayment com-mitments on machines that ere only working to a fraction

Silli another obvious fact his year was just how com-petitive New Zealand plastics diacturers were becoming relation to their overseas

tion of four years ago conferred enormous as the in-production — as control, including op process control.

Zealand plastic luring has become

likely to decrease reliance on foreign imported plastic components and products. But perhaps the most startling aspect of the plastics industry is the way in which it has weathered the quantum umps in raw materials prices following the Iranian The raw

At the same time, the

manufacturers here have

embarked on a second wave of

re equipping and this seems

proportion of total costs was found to be rather smaller than expected. At the same time the supply houses based in New Zealand ensured that supplie kept coming through in the crucial few months following the shortages and price jumps. Overall, there has been big

growth in the plastics market share as it continues to displace traditional materials in a whole range of products.

process cards

CONSOLIDATED Plastics new 200 ounce moulder is equipped with process control capability that will allow technicians to set up programmed production runs.

Thus, when a production run agricultural sector went on a is required of a product moulder a small card is inserted and the machine will automatically refer to its prior instructions and behaviour

pattern for that product. This slashes down-times and boosts the productive time of

The moulder appears to be the largest single piece of equipment outside the pulp industry operating under process control.

The Johns moulder can accept moulds weighing up to 15 tonnes. The machine uses 1300 tonnes of clamp pressure

to hold dies in place.
The \$600,000 moulder is

standing firm — and buying. The indirect tax on household goods was not altering her buying habits. The indirect tax on household goods was not altering her buying habits.

RONGOTEA housewife and cooking personality Norma McCulloch has invented a plastic vacuum pump that is currently being offered for sale throughout Europe and the United States.

A consumer acceptance test using a shipment of 20,000 food vacuum pumps marketed under the Zyliss brand name The result is that the plastics Suzie indicates that the pump industry can now see its way will be well received in these

> developed and manufactured by Winstone Plastics in nearby Palmerston North. The little hand operated

McCulloch's invention was

prisingly high utilisation on a we machinery purchased during 1975-77. because users worried that it

> would be hard to clean. So McCulloch approached Winstone Plastics to find out if plastic would be a workable substitute for cardboard. Research by Winstone in-

dicated that, yes, plastic would make a good substitute.

Manufactured by both in-

jection moulding and blow moulding processes, the pump is now in the words of Winstone general manager John Mason poised on the edge of a major international sales breakthrough". Mason said: "To even send

20,000 units to West Germany traditionally the leader of the plastics world's plastic industry, is in itself quite a breakthrough'.
Besides Europe, a market
test under McCulloch's own



The clamour of claims about the risk to human life through fire because of plastic-bases furniture upholstery followed the World in Action

brand name Macpro has also proved promising in the United

NZ PLASTICS

THE pending \$500,000 export of batteries to the West Coast of North America will mean something of a boost in the export of injection moulded

Chloride Batteries anticipates that around one third of the order will be made up of modern-style batteries whose containers are injection moulded by Chloride at the company's Seaview factory.

flammability allegations about

furniture synthetic fillings and

documentary subsequently

adapted to New Zealand

conditions by our own

The director of fire safety for

the New Zealand Fire Service.

Ken Burton-Wood, commente

that to ban polyurethane

fillings would be to attack the

'effect'' rather than the cause

He noted also that after oven

fires, heaters placed next to

furniture were a main cause of

But he stressed that

mentioned in the context of one

That was in the Wairarapa

and the Coroner on that oc-

casion had also warned of the

dangers from falling aleep

death resulting from fire.

broadcasting people

fires in the home.

Burton-Wood also noted that been equipped with sprinklers. the Manchester Woolworths store fire on which the World Action documentary have been equipped with dwelled would probably not have occurred if the store had extent doused the clamour of

> in NBR of June 20, an article was published about the purchase of Intermold Plastics by Feltex NZ

Reference was made in this article to the trading policy adopted by the management team during the period prior to pur-

Mr K L Barrowman, who became general manager in the 1977 year, has now supplied details to NBR which establish that during the period from his appointment to date of sale the company always traded profitably with returns on capital which were very good and rose to nearly 80 per cent in the 1914-79

trading year.

Intermold followed the success of this trading policy and the consequent ncrease in value of the

Since 1971 all stores in New

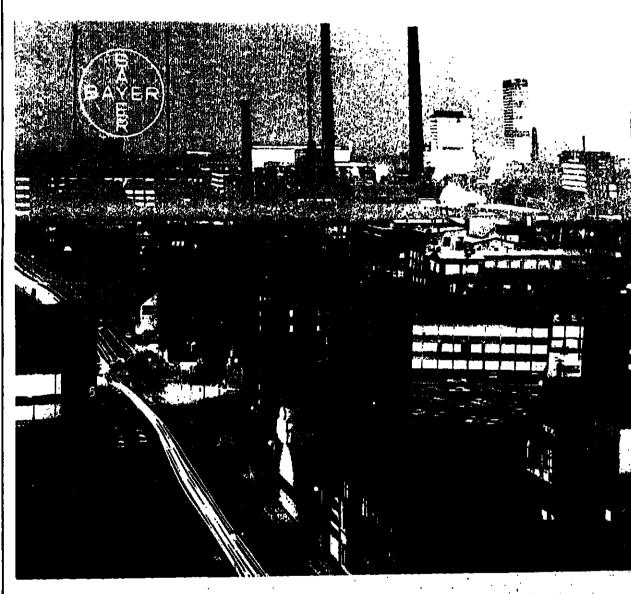
Zealand of over 10,000 sq fi

sprinklers under building code

company. While in the period before his appointment Intermold

had incurred a substantial loss, during Mr Barrowman's management this loss was entirely recovered and the company returned to consistently profitable trading.

NBR therefore wants readers to appreciate that its remarks on the company's performance were not a commentary on Air Barrowman's management and regrets and apologises for any adverse inference readers might have taken from the article.



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The Bayer works in Leverkusen, West Germany is one of the largest and most diversified chemical plants in the the largest and most diversified dhemical plants in the world. Overlooking the factory, and visible for miles around, is the 120 metre high Bayer cross. As a company symbol it is one of the oldest and best known in the world, it was entered in the imperial register of trademarks as early as 1904, and soon became a familiar symbol of quality. Today over 170,000 people work under the sign of the Bayer cross in all parts of the globe. Scarcely any other single branch of industry has had such far-reaching effects on our standard of living as

Bayer is represented in practically all walks of life, with over 6,000 products including: dyestuffs for clothes; paints for houses, furniture and machines; textile fibres. which are in many respects superior to natural productst plastics for the leisure, sport and road safety sectors;

prevention and treatment of disease; grop protection products as an effective weapon against hunger, and coating raw inaterials for the surface protection of aircraft, trains, industrial equipment, domestic appliances and furniture. Last, but by no means least, Bayer can help with ideas for raw materials conservation and environmental protection. The basis for all production is research, a field in which

Bayer's world-wide expenditure in 1978 amounted to more than 500 million dollars. Bayer thinks of tomorrow – today.

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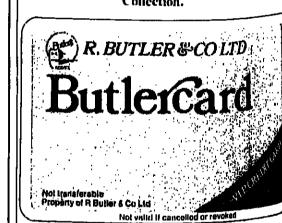
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EXPORTING

Export Institute pushes for more professionalism in exporting

national marketing seminar in Rotorua brought together attendees more than 140 keen exporters for an intense three-day

management and marketing theory with practical ex-

Professionalism was the keynote, and Export Institute

a fast, no-nonsense pace, sector Only three hands went assiduously followed by the up to a call for delegate:

private companies with sector notable export success — AHI, Foreign Affairs and Over-Mason and Porter, Hallmark seas Trade Minister Brian Inernational and others. On the theoretical side, academics such as Massey University's Steve Bridges and current New Zealand con-Professor Kenneth Simmonds sumption of imports and for provided management, our future national exmarketing and systems appectation. proaches to exporting.

A lot of people

are determined

representing this country's Speakers were drawn from largest exporters, the primary

Talboys talked about the Attendees were mainly rapid shift in New Zealand's the manufacturing exports over the past 20 years

oducts and markets.

ports constituted only 1 per degree of professionalism. cent of total exports; last year manufacturers made up 25 per cent, Talboys said.

diversifying into new markets. professionalism" Breaking in new markets, particularly in Asia — where

products exported to that tastes, traditions, and traditional markets, to the cultural likes and dislikes were present diversification of both not those known at home — details of how their companies was not easy, Talboys pointed did their market research, In 1964, manufacturer ex- out, and required a greater

Exporters have had to acquire this sort of experience in a short space of time, and From a reliance on secure their success was, Talboys traditional markets. New said, "a remarkable effort in Zealand exporters had done anyone's language — a tribute advocated a national "wondrously well" in to their hard work and marketing strategy for New

Praise aside, Talboys had a few hard words for what he called the "Disneyland businessman" who "in Los Zealand Incorporated Angeles and other parts of the world would miss ap- many of the audience tozi pointments because they chilling. clashed with the only free time

Talboys said he saw the Pacific basin as our market. This area, with which New Zealand has geographical links, has the world's fastest growing economies - "the ginger group of world economy", Japan, Taiwan, Singapore and Korea.

While these economies held potential for the New Zealand exporter they were "not just going to happen", Talboys said: exporters face the best in international competition; success there requires professionalism and research to see where New Zealand fits those countries' development plans.

Back on the home front, Talboys stressed the need for overseas investment in developing our economy. Those who oppose overseas investment here forget that the industry which is here now is largely the result of overseas investment, he said.

Countries like Malaysia and Singapore were developing with the aid of overseas investment: "What they are doing is saying if you want a piece of the action then you come and show us that you have a commitment," he said.

"We can think of all the reasons in the world for not using overseas investment, but let's be sure that somebody else will if we don't. And if somebody else does, then somebody else is going to be protected in the marketplace,"

On the pressing need to export, Talboys pointed to the rising cost of importing oil. In 1973, New Zealand paid \$97 Pinelan million for its oil. This year, the figure is \$850 million.

for \$1250. exporting to the audience at the seminary man and is per of blackcurrents, and is per of blackcurrents. the seminar. They were sold.

What the wild a were sold. What they'd come to learn was of packaged onions how to be more proficient at it.

Steve Bridges Reader in Delta Plastics won its available and the ships

Steve Bridges, Reader in Marketing at Massey for exports of flexible anish an academic background as Four companies won an analysis well as many and an academic background as well as practical experience of \$750 each with large fitting with large firms in the United Sytems Ltd for its presms States and a relatively small firm in New Zealand. His speech covered his own transition from the staircases made from from the staircase made fr Zealand timbers; Norse to the American firm, and then to practical american and then to practical experience with New Zealand's Tullen Industries.

from a reliance on a few the exporter could not assume implement the textbook

secured agents, approached selling package, and planned Michael Melion, senior

criticised the current export Marketing at Lincoln College 'N.Z. can't export everything marketing strategy for New Zealand Mellon said that this to everyone, he said. He believes that attitude may country might follow the indeed yield short term profits Japanese model for Japan Incorporated with a "Na but will result in long term mentality — a prospect that believes New

Ross Southcombe always been an advocate of sharing the knowledge gainst in foreign marketplaces fre this point of view the senior was a rousing success Companies with long a perience in the field provided the less experienced with case after detailed case of how they went about exporting, where

One speaker said he would be happy if the attendees too home just one good idea from the seminar. Judging from the enlivened conversation during one of the few breaks in the tight schedule chances are the

Export Awards

console

PRODUCTION ENGIN-EERING COMPANY LTD of Marton has won (of prize of \$2000 in the 157) Atlantic Export Markellog Awards.

Production Engineering company specialising in high technology, won the award les its EMPEC-80 petrol boust.
This pump, together with its console based enables petrol to be dispre automatically. Experience

nings from the pump we the

Pinelands ploneered experi

scope of distribution; your right to involvement in product

porter and importer.

NEW ZEALAND exporters would be expected in the normal course of business.

Simmonds believes that

coming the Price Syndrome: ihe market.

range and diversification.

6. Professional Package: Here are some examples of a package which will help your agent to do his job: e Credibility film

PROF KENNETH SIMMONDS, formerly of
Wellington and now Professor

Wellington and now Professor

Wellington and now Professor

Wellington and now Professor

James Sim Dusinessmen cannot afford to see this country as their development of a global expenses and Volkswagen development of a global expenses and Volkswagen as examples.

that the person who has more Simply because multiexperience in a particular national units are in nation industry or operation will have states which have reasonably He maintains that the real test of firms and people in by nations and shares of international markets is their national markets. But he's

The export business: like a game of chess

scale of operations required to succeed on a global level and 'Marketing sees the world as the risks associated with a zero sum game,' maintains Simmonds. In other words the assuming those scales, Simmonds told the New Zealand world is not only a limited exporters that they must be prepared to sell on a scale which was far in excess of New Zealand and Australian world is like to the first which was far in excess of New Zealand and Australian world is like to the first which was far in excess of New Zealand and Australian which was far in excess of New Zealand which was far in excess of New Zea

combined needs — for the very game against specific com-good reason that somebody petitors, in the light of their

He argues that the assumption of aggression and risk in monds is critical of current global markets will inevitably accounting practices. 'Most of erode whatever barriers are what we study in accounting is placed in their way. In the global battle for markets, those that remain be good training for some

'It never refers to com-

petitors' costings.'
He counselled exporters to 'know what your competitors' costs are.' 'What is the competitor doing and how does it He therefore believes that

terms of their competitors' strategies. He feels of the world. that the function of purchasing these days is vital strategy is being able to buy cheaper than the competition. More, it's going to include the capacity to put a competitor's material costs up, while keeping one's own costs down.

Simmonds definition of strategy is refreshingly simple. 'This is what I'm doing to beat a competitor.' points to the current international fashion to see marketing in terms of intercorporate warfare. 'How do we

defeat the enemy?' For an academic, his views on the development of strategy

perience curve, simply shows classify his target markets? comparative uniformity, he auggests they may be assessed

viability in the face of com- critical of what he considers to be a mistake made by New Zealanders, namely that New Zealanders look at the New Zealand market first, then Australia, then the rest. In the same way, he points out that the U.K. ignored the U.S. market. Thus, ICI had no global strategy until 1964, by

which time the American firm,

W.J. Grace, had come from nowhere to clean up in the United States.

Very sensibly, Simmonds recommends going for the biggest and best opportunities 'In which market,' asks

> readily achieved. His first criterion is 'the greatest achievement at the highest profit.' Does Simmonds have a prescription for New Zealand?

He believes that New Zealanders should accept first of all that they are citizens of the world. N.Z. isolation must be broken down. The country must be opened up to the world, as must the economy. today's purchasing officers Air fares should be halved to be able to think in make it easy for New

He points out that since N.Z.'s isolation is an attraction because an essential to foreigners, they should be ingredient of competitive permitted relatively free entry into New Zealand. He thinks that New Zealand's global businessmen should accept majority foreign stakes in N.Z. joint ventures. Moreover, oreigners should be taken on to New Zealand payrolls. Likewise, to a greater extent, New Zealanders should be repared to live in the markets in which they're trading. 'You are in a global market,' he

> tality,' he believes. "There is a cultural negative . . . It's bred into us. We all say 'no'.'

but just a little harder

business is never normal because it's never the same. He believes there are no principles in business. 'It is business. 'It is simply a matter of being prepared to set up manufacturing plant on the orinciples in business. 'It is business is never normal because it's never the same. He believes there are no principles in business. 'It is simply a matter of being prepared to set up manufacturing plant on the orinciples in business. 'It is simply a matter of being prepared to set up manufacturing plant on the orinciples in business. 'It is simply a matter of being prepared to set up manufacturing plant on the orinciples in business. 'It is simply a matter of being prepared to set up manufacturing plant on the orinciples in business. 'It is simply a matter of being prepared to set up manufacturing plant on the orinciples in business. 'It is simply a matter of being prepared to set up manufacturing plant on the orinciples in business. 'It is a business and a sexperienced marketers.

as examples.
Overall, Simmonds sees no reason for gloom. "There's shouldn't dominate in anything it wants' he maintains. 'I don't see any reason why it can't be the best in the world.'

On the other side of that same coin he says, 'I think we are creating these problems. On government policy, he

points out that when a government crimps a firm's overseas investment ability to compete in-ternationally, thus in the end weakening it on the home front as well as everywhere else. He

not being controlled is out the

'Exporting,' points out Simmonds, 'isn't a cultural business.' It is particularly important to New Zealanders who still have a long way to go to learn that the first element in a global marketing plan is to understand the rules of other

On competition. 'Competition in our export channels important - break the Dairy Board into two and have them competing. He continues, 'I would always argue for breaking up

Sutch was absolutely wrong. "I think it's a very good thing to have the foreigners in and keeping you up to the

points to the role of the Bank of England in U.K. export

competitiveness. By the same

token, he believes that

Government economic policies

are excessively preoccupied with the problem of main-

taining employment.

Simmonds believes that long, hard look at the present immigration policies, too. 'I personally would open the doors much much wider . I

... Get the feeling of cross-bred vitality into New Zealand.'

arms in New Zealand." "You as New Zealanders should develop a multi-

start early." He's critical of the filness of

and through, and then find out

an important quality which must be nourished at all costs. 'It's one of the proudest things N.Z. has, he says.

Simmonds' perception of the influence of the marketplace on all the functions of the business are sweeping indeed. All the functions are conditioned by the marketplace,'

And referring to the relationship of the business to the people managing the says, 'All the stages in the channel from you onwards, are

'Those other cultures have a vastly different set of rules,' he points out, citing the catastrophe experienced by Campbell's Soup in the French

He asked New Zealand businessmen to be aware of the significance of culture shock. To the new resident in a loreign country it can cause depression and withdrawal.

would go the Australian route .

Everyone with expertise should be welcomed with open

national team, but you should

civil servants to make policies conduct of businessmen. 'To do that, you must really understand that business through how you can help it without making it fat and flabby.' He therefore argues

And both of these lead to poor performance in the workplace. Simmonds does not see New Zealand's small size as a problem. 'I don't think you should be scared of large husinesses with 20,000 people in one building. Why should we be scared of putting big numbers together,' he asks. He suggests that New Zealanders could operate like the Scandinavians where they have large numbers of people stationed in overseas branches. 'What's stopping New Zealanders from managing foreigners' be asks.

Perhaps Simmonds major point for New Zealanders is that in the end, survival will go therefore the person who survives is the person who can do it better and more cheaply

When you're ready for us,

use of my impdit send and to pay the sume	orlinerih i eccepi itali shoulo my eppirali	to accept all charges incurred by the properties of the participan be decided that there is no right of	ippesi and that his telephinees be d RITAL STATUS
FORENAME MR MAS MISS			TE OF BRITH U.S.
PRIVATE ADDRESS			OW LONG AT ADDRESS
DO YOU OWN YOUR HOME	PURCHASINU YOUR HOME	ARE YOU A TENANT	BOARDING :
PREVIOUS ADDRESS			IOW LONG AT ADDRESS
NAME OF COMPANY OR EMPLOYER	OCCUPATION	LENGTH OF SERVICE	ANNUAL BALARY Under \$10,000
PREVIOUS EMPLOYER	OCCUPATION	LENGTH OF SERVICE	\$10.000-\$16.000 \$15.000 OR OVER

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eminently suitable to products requiring exact temperature control. We ship out of all RO. RO. ports, so us the word and we'll have it over the Tasman for you, no problem at

to export

RFL FOR PACIFIC Using the Union Steamship Company's fortnightly Marama schedule, RFL offer the same door to door service for perishables to Suva, Nukualofa, Apia, Pago Pago. Lautoka — your product is collected by container from shipped direct to the consigner rough the port of Auckland RFL FOR CONVENTIONAL SHIPPING AND AIR FREIGHT From the home front RFL's national vehicle network enables shippers to export large or small lots of perishable products direct from

their supply area to conventional ships at any sea port or airport in pick up and delivery times become our care - after all, it's something A reefer FCL container service is

available from NZ to Guam for all perishable products. Shipment is made in containers with integral via Sydney and once again all lings and documentation can



dustries.

Bridges talked about adapting a systematic marketing approach (learned at university and practised in huge American companies) to a small company with neither the budget nor manpower to

failure for the very good reason that the New Zealand base is too small to support a world-wide business. He are on a global scale,' he said.

the London Graduate School of

crackers in all directions and

many exporters — the gleam

portunities than they'd seen

before. If they take up more

than a fraction of his talking

points, N.Z. has a bright

Simmonds theme was global

markeling with a weather eye

on the competition. And exporting is merely the first step

Just for starters, Simmonds

on that road.

Choosing an export agent

Zealand

place too much emphasis on getting the first trial order with a potential distributor,

ALBY THORBY is group export manager of Mason & Porter Ltd in Auckland. He contends that most export unprofessional methods have been employed to select and appoint agents . . .

and pay scant regard to research into the long-term compatibility and potential of

Many exporters regard the willingness of a company in a new market to accept an initial order as the sole criterion for appointing that company as its sole agent. This is extremely dangerous, but it is the prevailing attitude.

Changing agents can be costly, unproductive, and damaging to your company and product image. Surely, then, it is better to place major emphasis on getting the right agent first time up. This is not always possible — but it is possible significantly to improve your success rate by using a professional approach.

There are a number of factors which if taken into consideration will improve your chances of appointing the 1. Attitude: Make sure your

attitude and the attitude of your prospective distributor or agent are compatible on the following points: quality; competitive strategy; company credibility — his and yours; test marketing; payment; delivery times;

a. An introductory price and

3. Premium Selling, Over-

pointed out that in 1950, Cables

(now CPD) was a big company

American company, Cum-

later, Cables are still nearly

the same but their American

Discussing the necessary

counterparts are gigantic.

over there already is.

It is accepted by retailers that price can be the greatest motivator in creating store traffic. But price does not rate nearly so highly at the point of purchase. Unless you and your agent agree on this principle, I do not believe that long-term business can be established for New Zealand manufactured goods --- we are viable in the value-for-money, top segment of the market - not the massproduced, fickle, bottom end of

4. Consumer Profile: The following basic elements should be formally recognised as a result of physical and scientific research: who will or can buy; how many, how often; how much will or can they ten; how much will or can they are remarkably pragmatic. He agrees that international pay; where do they buy from The name of the game trade barriers are a problem, now and potentially where changes while you watch, he but suggests that they are not says. He points out that necessarily a barrier to being there any usage or cultural

5. Understanding Long- and must agree with your potential goals for progress in terms of profitability volume, product

b. Product Fact Pack c. Policy Fact Pack d. Promotional Material and Policy which is easy to use. with rules in writing. In-store

There are many and various ways to achieve professionalism in choosing agents, and the practical alds

2. Visible Commitment:both parties, cost shared by ex-

promotional package, with a clear cut-off date and a atipulation that an extra Adherence to such a formula margin is not to be used for usually means a longer, more b. Manpower — executive and sales force. Preferably a tabulated and agreed level of servicing from exporter and importer, which would be at a considerably higher ratio than about. difficult path to the initial

films and point-of-sale material should be supplied where applicable, along with language brochures and a corporate identity manual.

SECTION 1 INFORMATION ANALYSIS

MARKET TRENDS:

- STATEMENT OF MARKET GROWTH OVER PAST FEW YEARS
 UNITS
- STATEMENT OF MARKET GROWTH OVER PAST FEW YEARS
- STATEMENT OF ONLY THOSE BREAKDOWNS OF THE TOTAL FIGURES IN TERMS OF SEASONALITY, REGIONALITY, ETC. THAT HIGHLIGHT MAJOR PROBLEMS AND OPPORTUNITIES
- FORECAST OF MARKET GROWTH FOR THE NEXT YEAR FORECAST OF MARKET GROWTH FOR THE NEXT YEAR - DOLLARS

COMPETITIVE ANALYSIS:

- * STATEMENT OF THE SALES/SMARE OF MARKET PERFORM-ANCE OF MAJOR COMPETITORS IN PAST FEW YEARS
- A REVIEW OF ONLY THOSE MARKETING ELEMENTS
 (E.G. PRODUCT, PRICING, ADVERTISING) THAY
 ARE FELT TO EXPLAIN THAT PERFORMANCE
- A PREDICTION OF LIKELY COMPETITIVE DEVELOPMENTS CRUCIAL TO THIS PROJECT

GOVERNMENT REGULATIONS:

- STATEMENT OF KEY GOVERNMENT AND LEGAL REGULATIONS WHICH EXERT A FUNDAMENTAL CONSTRAINT ON THE
- STATEMENT OF KEY GOVERNMENT AND LEGAL REGULATIONS THAT MATERIALLY AFFECT COMPETITORS
- PREDICTION OF LIKELY DEVELOPMENTS OF MAJOR

FCONOMIC ANALYSIS:

STATEMENT OF THOSE ECONOMIC FACTORS WHICH COULD MATERIALLY AFFECT THE COMPANY

- STATEMENT OF COMPANY STRENGTHS AND WEAKNESSES CRUCIAL TO THIS PROJECT
- STATEMENT OF COMPANY OBJECTIVES WITH WHICH THIS PROJECT MUST BE CONSISTENT
- STATEMENT OF CONSTRAINTS UNDER WHICH THIS PROJECT RUST OPERATE

PRIMARY RESEARCH - QUALITATIVE:

- STATEMENT OF DATES AND PURPOSE OF EACH PROJECT
- STATEMENT OF METHOD USED FOR EACH PROJECT AND ANY FACTOR THAT MAY HAVE COMPROMISED THE RESULTS
- STATEMENT OF ONLY THOSE FINDINGS WHICH INDICATE THE POTENTIAL SUCCESS OR FAILURE OF THE PROJECT AND WHICH HIGHLIGHT MAJOR PROBLEMS AND/OR

PRIMARY RESEARCH - QUANTITATIVE!

- STATEMENT OF DATES AND PURPOSE OF EACH PROJECT
- STATEMENT OF METHOD USED FOR EACH PROJECT
- STATEMENT OF ONLY THOSE FINDINGS WHICH WILL BE

- SECONDARY RESEARCH REVIEW OF THOSE ACTIVITIES
- RESULTS FROM STORE CHECKS, THAT WILL AFFECT THE COMPANY'S THINKING

- STATEMENT OF MAJOR ASSUMPTIONS THAT HAVE TO BE MADE IN THE ABSENCE OF INFORMATION AND THAT, IF HRONG, COULD MATERIALLY AFFECT THE COMPANY'S RESULTS

Marketing Plan Flow Chart

by J.S. Bridges

PRODUCT NAMES:

PACHAGING:

DISTRIBUTION:

MERCHANDISING:

CONSUMER PROMOTION:

TRADE ADVERTISING - MEDIA:

STATEMENT OF MEDIA BUDGET

TRADE ADVERTISING - COPY STRATEGY:

SECTION 5 ELEMENTS OF MARKETING MIX

. STATEMENT OF THE MAIN COMPONENTS OF THE PRODUCT

. STATEMENT OF BRAND NAME AND RATIONALE

" STATEMENT OF GENERIC PRODUCT NAME AND RATIONAL

INDIVIDUAL PACKAGE - STATEMENT OF OBJECTIVES, PAGE STRATEGIC FACTORS, COST OBJECTIVES AND RATIONALE

INNER - STATEMENT OF OBJECTIVES, MAJOR STRATEGIC FACTORS, COST ORJECTIVES AND RATIONALE

OUTER - STATEMENT OF OBJECTIVES, MAJOR STRATEGIC FACTORS, COST OBJECTIVES AND RATIONALE

DEFINITION OF PRICING STRUCTURE EX FACTORY TO

" STATEMENT OF PRICING OBJECTIVES

STATEMENT OF PRICING STRATEGY

STATEMENT OF DISTRIBUTION OBJECTIVES

STATEMENT OF DISTRIBUTION STRATEGY

STATEMENT OF DISTRIBUTION SACTICS

CONSUMER ADVERTISING - MEDIA.

STATEMENT OF MEDIA RUDGET

CONSUMER ADVERTISES - COPY STRATEGY:

STATEMENT OF CUPY OBJECTIVES

STATEMENT OF MEDIA ORULCTIVES

STATEMENT OF MEDIA STRATEGY AND RATIONALE

STATEMENT OF MAJOR ELEMENTS OF COPY STRAIGST

STATEMENT OF MERCHANDISING ORJECTIVES

STATEMENT OF MERCHANDISING BUDGET

STATEMENT OF PROMOTION OBJECTIVES

DESCRIPTION OF PROMOTION TACTICS

STATEMENT OF PROMOTION BUDGET

STATEMENT OF MEDIA OBJECTIVES

STATEMENT OF COPY OBJECTIVES STATEMENT OF COPY STRATEGY AND RATIONALE

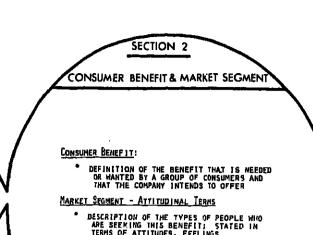
STATEMENT OF MEDIA STRATEGY AND RATIONALE

STATEMENT OF PROMOTION STRATEGY AND RATIONALE

STATEMENT OF THE MAJOR FEATURES (PRIMARILY MOST WITCH PROVE THE COMPANY CAN DELIVER THE BENUT

PRODUCT/SERVICE :

DATE:



MARKET SEGMENT - DEMOGRAPHIC TERMS

TRANSLATION OF THE ABOVE SEGMENT INTO DEMOGRAPHIC TERMS

SECTION 3 OBJECTIVES

FINANCIAL OBJECTIVES:

- SALES AND/OR MAPKET SHARE OBJECTIVES (DOLLARS AND UNITS)
- PROFITABILITY OBJECTIVES
- RETURN ON INVESTMENT OBJECTIVES . OTHER FINANCIAL OBJECTIVES IMPORTANT TO THIS

MARKETING OBJECTIVES:

- REPEAT

SECTION 4 MARKETING STRATEGY: OVERALL

STATEMENT WHERE THE COMPANY WILL POSITION THE PRODUCT IN THE MARKET

PROMOTIONAL STRATEGY:

STATEMENT WHETHER THE COMPANY WILL EMPLOY A PUSH STRATEGY, PULL STRATEGY, OR A COMBINATION OF BOTH

COMMUNICATION STRATEGY:

STATEMENT OF THE OVERALL IMAGE THAT THE COMPANY WISHES TO ESTABLISH FOR THE PRODUCT

MARKETING RESEARCH STATEMENT OF THE RESEARCH ACTIVITIES THAT THE COMPANY WILL UNDERTAKE TO FILL THE INFORMATION

STATEMENT OF SELLING OBJECTIVES-STATEMENT OF SELLING STRATEGY AND RATIONAL

STATEMENT OF PUBLIC RELATIONS OBJECTIVES

STATEMENT OF PUBLIC RELATIONS STRATEGY AND RAYLONALE

STATEMENT OF MAJOR PUBLIC RELATIONS TACTICS

STATEMENT OF PUBLIC RELATIONS BUDGET

- STATEMENT OF MAJOR SELLING TACTICS
- STATEMENT OF SELLING BUDGET

PUBLIC RELATIONS!

- STATEMENT OF CREDIT OBJECTIVES
- STATEMENT OF CREDIT STRATEGY AND RATIONALS

- STATEMENT OF LEGAL OBJECTIVES . STATEMENT OF LEGAL STRATESY AND RATIONALE.

The marketing plan flow chart: an innovative approach to planning

plan flow chart (see sample chart opposite) has been devised to discipline the marketer into a logical, systematic approach to planning. It closely follows the structure of marketing plans used by many large com-

The space devoted to each major element has been carefully determined, based upon observation of other marketing plans and exsince 1976, in order to ensure a proper allocation for most products or services. For example, one-third of the snace has been devoted to each of "Information-Analysis" and "Elements of Marketing Mix' as these subjects typically require more space (han others to cover adequately.

To be consistent with readership patterns, the progressively to the right in columns and downwards, ending with the final part

(Section 5) on the far right. logical, systematic flow of thought for both the writer and extremely reader of the marketing plan. For example, it is felt that the settle upon the consumer need satisfied until he has carefully analysed all the information available to him. Likewise, objectives will be much more realistic if they are set after analysis of the available data and the decision concerning which market segment to satisfy The same reasoning of the arrow between Sections 5 and 2. This arrow is included to indicate that the aim of the marketing mix is to have an information gaps and enables impact on the chosen market

Section 1: Information- which use this MPFC for the

The accompanying MPFC sets out the type of information that should be included in this section if it is available. Obviously there will be few small viously there will be few small does not necessarily mean companies which will have their decisions will be wrong.

J & BRIDGES, Reader Marketing at Massey University, introduces the Marketing Plan Flow Chart, an innovative approach to roduct planning which is tailored to meet the special needs of small companies. Bridges developed and used new plan while murketing manager of Tullen Industries Ltd.

MPFC starts with Section 1 to information on all the categories of information.

The less information a company has available, the assumptions (and, of course, Arrows are used to ensure a the greater is the risk for making wrong decisions). It is important. therefore, that the marketer lists those assumptions which. marketer should not finally if wrong, would materially affect the company's success and market segment to be in reaching its objectives. If something does go wrong, the marketer is then in a position to review all the crucial assumptions (which are likely to be forgotten or overlooked if judgment concerning which is more likely to be wrong, and determine what steps to take applies to other sections as to get the facts necessary to well, with the single exception prove or disprove that One of the major values of

the MPFC is that it highlights

marketing decisions. As

pointed out above, while this

the company to establish priorities in filling them. That is, many small companies first time will undoubtedly be surprised — even shocked — at the paucity of data upon which they have been basing their

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iection 2: Consumer Benefit and Market Segment

which the remainder of the have a strong appeal to, and marketing plan is based. As a impact upon, the selected synthesis of these inputs, the market segment. Both of these it plans to meet and the market segment wanting this benefit. This forms Section 2 of the

tive to it. Given this crucial There are two reasons for separating the statement of consumer benefit and market segment from the analysis section. First, the very basis of marketing is satisfying consumer needs at a profit. The benefits offered the consumer are referred to - that is,

sumer needs are effectively first

company is then in a position reasons suggest that the to define the consumer benefit success or failure of the company's programme is largely dependent upon how well it defines the benefit it will

> importance, it makes sense to highlight these two elements. Elaborating further on the market segment component in Section 2 of the MPFC, note that two types of segmentation

on whether or not the con- and demographic. The financial and marketing obis important besatisfied. Second, the entire cause it provides valumarketing programme able clues and insight into (marketing strategy and the marketing strategy and but this may not be possible for The various data analysed in marketing mix) must be marketing mix that should be small companies, due to Section 1 are the inputs upon carefully formulated so as to adopted. The second is important - particularly for those companies which decide to advertise - as it enables the company's advertising agency to construct an efficient, effeetive media plan. Audience and readership data supplied by various media owners and independent research firms are usually provided only on

Once the market segment has been defined, the company

demographics, not on attitudes

jectives. Ideally, the size of the segment should be quantified in order to set realistic targets. be undertaken. For companies combination of secondary research (such as study o Some of the objectives that

the MPFC, but the list certainly is not exhaustive.

The objectives that are set should be specific, cite a definite time span, and be capable of subsequent measurement of actual per-

Continued on p35

offer, and who will be recep-

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From page 33.

formance. For example, onsumer awareness is considered important to the company a specific target should be set (for example "by December 31, unprompted recall of our brand name should be 80 per cent of our market segment"). This can be measured via a relatively inexpensive survey conducted hy an independent market research firm. Distribution targets can also be established, and performance inexpensively monitored by the company's own personnel - if only on the basis of a check of several retail outlets.

Section 4: Marketing Strategy

This section contains a description of the overall pany plans both to satisfy the onsumer's needs and achieve its objectives. It should incorporate only those statements that will affect or influence one or more elements of the marketing

ossible strategy elements to illustrate the kinds of statements that are appropriate for this section. For example, the brand image lesired for the product is a fluence, or constrain, the company's decisions on the following mix elements: product; product name; pricing, distribution advertising theme; mer-chandising theme; packaging. Another example is whether a "push" or "pull" strategy — or a combination of the two will be adopted, as this

ramifications, will dictate much more deeply into the whether or not the tools of consumer advertising and less important - features of

cases, the strategy statemen in Section 4 may dictate

against the use of one or more lools | for example, esta-

blishing a top-quality, ex-

clusive image for a product

Marketing Mix

Fifteen elements of the planning offers several uses marketing mix are referred to and benefits which are not in Section 5 of the MPFC. afforded by the conventional, These are tools which the more sophisticated, approach. These are tools which the company can control and First, it offers a large proportion of the value of manipulate in order to achieve its objectives. It is not planning at a fraction of the suggested that each tool should time and cost. A draft of the be used for each product MPFC can be completed marketed. In some instances, within hours if the marketer it may be beyond the financial has a fairly good grasp of the panies to use all the tools ofthe most, it will only take a few fectively, so priorities may days. The MPFC disciplines have to be set; in others, the the planner to boil down use of one or more tools may everything (data, strategy, marketing mix) to its essence. not be relevant for a particular product (for example, the ''legal'' element so that matters which are superfluous or of secondary when the product is not importance do not consume patentable, or does not have a unique design); in other

numerous other — but much reatment of all conceivable facts and actions may improve

This approach to marketing knowledge, and demonstrates to mark the sections or areas tions are relied upon. This in set reasoned priorities for the what is required to develop a substitution of facts for better (and if desired) more assumptions. The risk of comprehensive plan. making wrong decisions must surely decline as critical as an excellent and inexassumptions are replaced by pensive tool for com-

Third, a handwritten draft marketing programme to the serves as an excellent basis for sales force, sales agent, or discussion with those people distributor. The MPFC is an discussion with those people whom the planner values for effective means of comadvice (such as advertising munication because a agency people). The planner thorough, logical gives a copy to each person, systematic presentation can who then reviews the entire draft plan on one page, thereby encouraging a thoughtful review and permitting a much systematic presentation can be made directly and quickly from the chart — or with a modified version assisted by overhead projection slides.

prehensive and thorough more effective critique. The planner and evaluators can then meet, affix a copy of the the results — but probably only by a slight margin and at a greatly increased cost.

Second, the MPFC with Section 1 and working in sequence through to Section 5. highlights gaps in factual The planner uses a felt marker requiring additional input or modification, and at the end of turn enables the company to the meeting, knows exactly

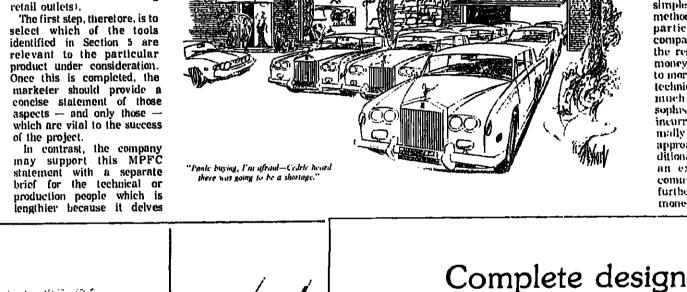
Fourth, the MPFC doubles

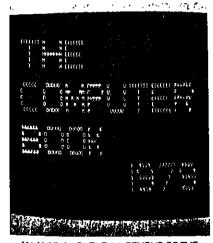
sales force or sales agent that your programme is "right". That is, it is a tremendous selling aid - if used properly. The presenter who "walks thereby preventing subjective criticism from arising. Moreover, subjective criticism that still surfaces ("I don't like

of the approach taken, or by showing that the criticism is inconsistent with previous points with which the objector has agreed.

Granted, this approach cannot guarantee to eliminute all subjective criticism of marketing tactics, but experience proves that it will substantially reduce them.

The Marketing Plan Flow Chart is not a revolutionary innovation in planning. It is a simple adaptation of accepted methods of planning to the particular needs of small companies which do not have the resources in either time. money or inaupower to resort to more sophisticated planning much of the benefits of sophisticated planning without incurring the high cost nor-mally associated with that approach. It offers the additional benefit of serving as an excellent and effective communication device - a further saving of time and money for small companies





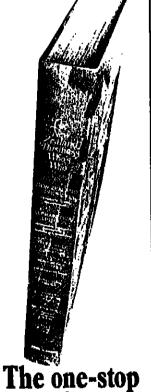
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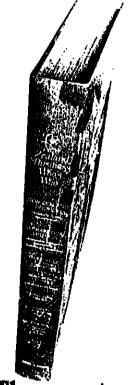


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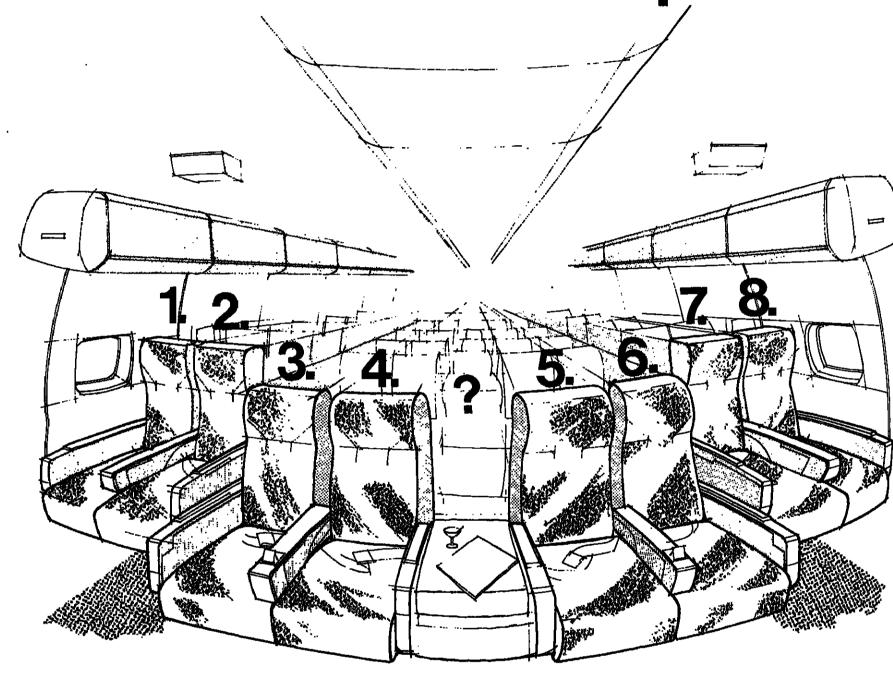
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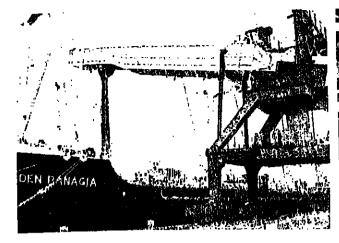
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The American market: or how to sort out the myth and the mystery



will look at the United States at Zealand image in the United some stage. It is a huge market. More than 200 million people spread over a large

what you hear is confusing. For example, people say that all you need is .003 per cent of supply about a tenth of it". And everyone has his favourite story about the ruthless and dedicated American buyer, demanding breakfast

MARK SAINSBURY, manager of Mesco Gas in Anckland proposes marketing ideas for New Zealand products in the

neetings at 6.30 in the morning. But American buyers are ery conservative --- they have o be. Mistakes, if they are

The myths associated with this market are legend, the truths are rather harder to

One of the most important

aspects of marketing in the United States is research. It is not a question of whether you carry out market research for your product in the United States, it is how much you do. can be used as a most effective elling tool. If you go to an your product, mention the pricing point, outline the manner in which you are going to distribute it and inform him d your promotional plans, he will be impressed, but sceptical. If you mention all those things, and then produce

be segmented in minute detail, so most of your secondary research will be to find out which segment your product fits into. When that is established, your product can be positioned properly in the

I believe that a research campaign carried out to assess



This could be done by forming a group of companies to When approaching a market finance a generalised research like the United States, most of programme aimed at establishing these positive attitudes. After consultation with a Harvard researcher, I the market, and we'd have all believe that a small sample five of our factories working 24 could be used, maybe as few as hours a day every day of the 250 people. These people would year, and even then we'd only be interviewed by telephone to assess their knowledge of and group could then be narrowed to approximately 25 people New Zealand. They would get together, and a generalised discussion would be encouraged to try to uncover positive attitudes that could be included in any promotional

> formation, the companies involved could use these positive aspects to advantage.

> The advantages of companies pooling their resources n a large market like the United States can be seen with some forms of multi-product research. Several companies with a parallel or similar product could commission a research project to get a generalised feel of where their duct grouping would fit into

research information could them to later add to that information with more specific market research.

Exporters from other countries combine in the export field even though they may have an intense rivalry at home. But New Zealand companies seem to be convinced that there are no ad-The American market can basic lack of confidence in their own ability.

> Parallel product marketing has many advantages. This is where two or more companie get together to market similar types of products as part of one campaign — for example, tableware and glassware, involving Ceramco and AHI. There are also opportunities to combine with American companies to do parallel product marketing. This can give you access to a whole distribution network.

There is also the possibility of New Zealand companie getting together to form a New Zealand-type shop in the United States. This idea has been widely considered by a number of people, particularly in fields such as restaurants. But where I think that this

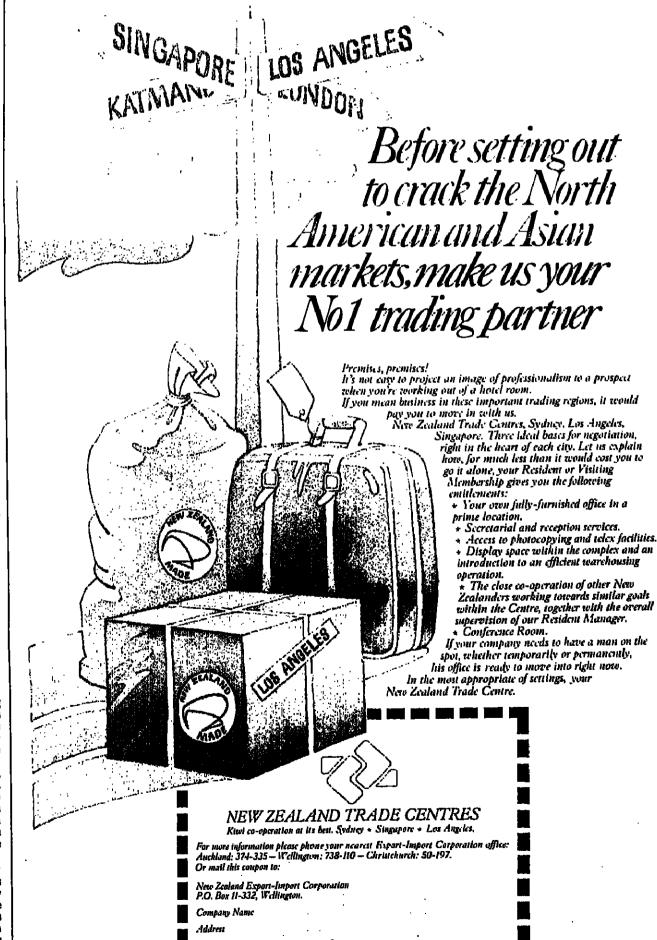


tractive rewards is in the shop- now a tennis-shoe shop, and within-a-shop arrangement. In the more specialised you are

States, the better you do. specialisation is catching on: it Finally, mail order. Mail

in the United States because there is often an element of exclusivity about selling in this

through the post, is an in-creasing method of marketing



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A quick two litre engine gives you thrust without thirst-a very responsible consideration for thinking owners.

The instrument display includes, amongst other uncommon delights, a quartz crystal clock and fully integrated cassette stereo.

The front seats are infinitely adjustable,—and the driver's seat embodies a lumbar support zone which you adjust to gently ease lower back fatigue.

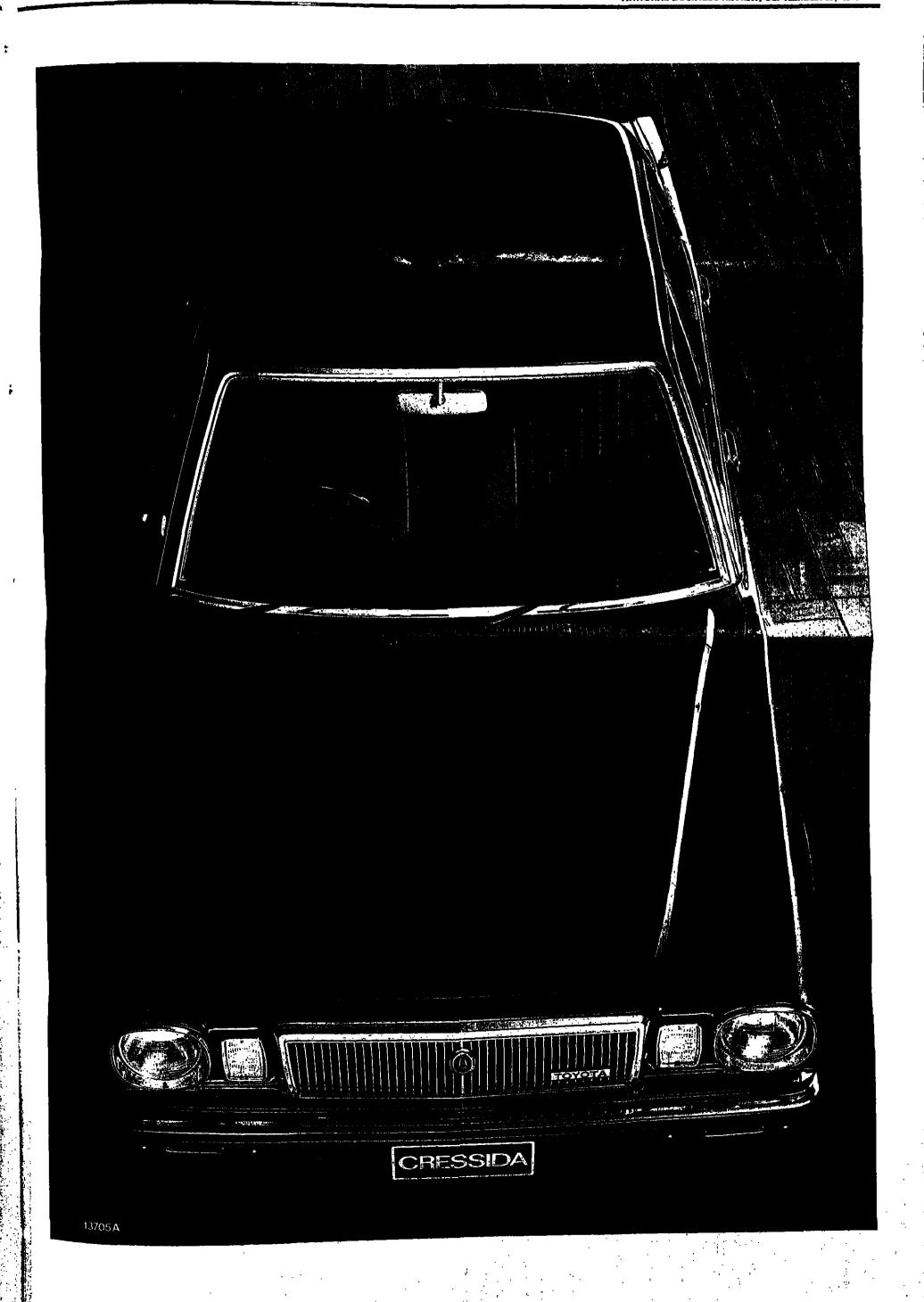
And because Toyota make the Cressida, all this luxury is on top of quality.

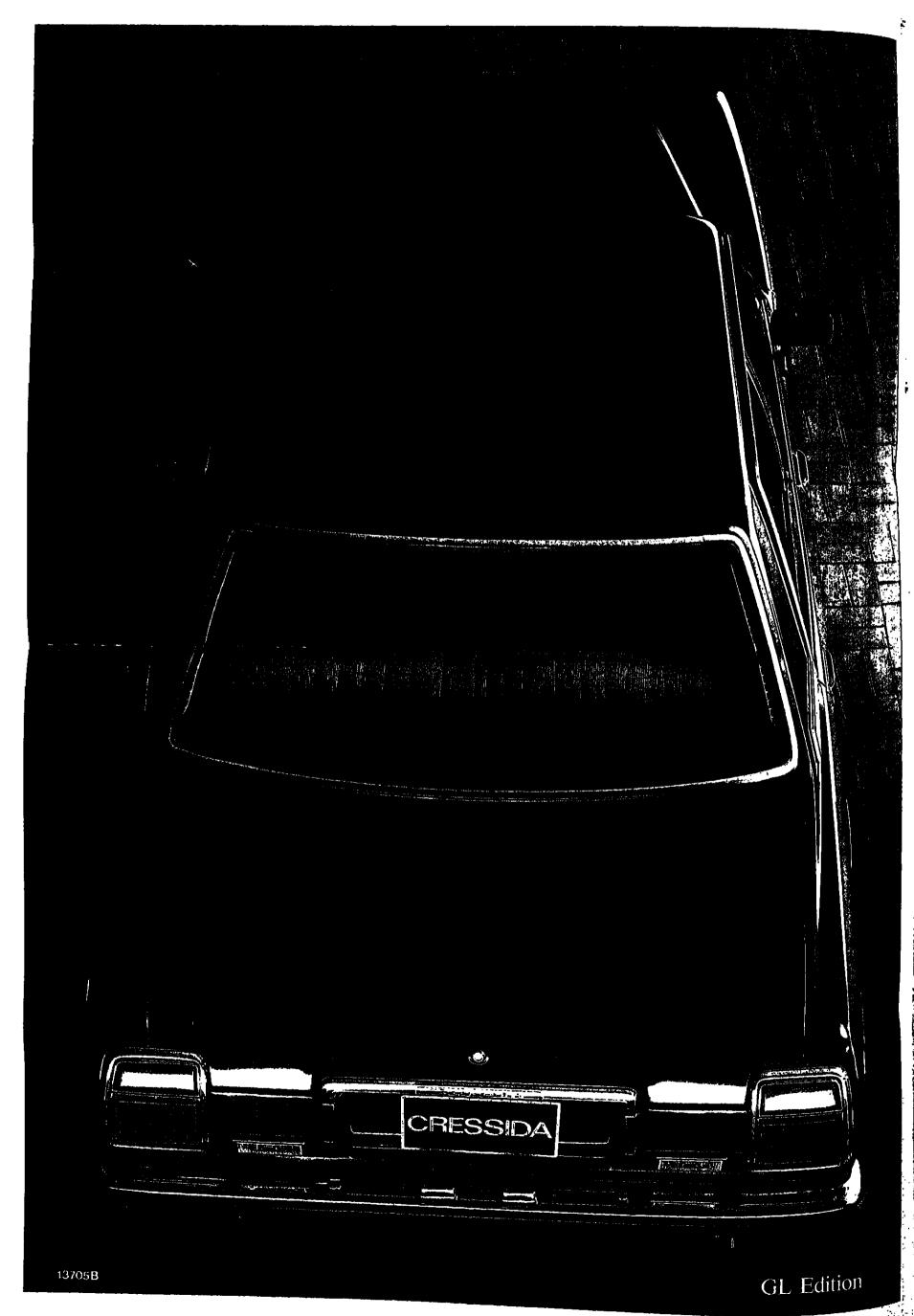
Not instead.

Cressida.

At the moment 5 speed manual \$11,300 and automatic \$11,700.

TOYOTA
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New Zealand's myopic view of the export world must change

control of their product, which causes disastrous results consumers receive poor quality goods, lack of aftersales service damages the firm's and our national reputation; greater returns are obtained along the distribution chain than at the point of production.

We give priority to converting products into cash at the earliest opportunity. We must correct our short-sighted view of the customer as the person or organisation with whom a cash exchange occurs. In a

MICHAEL MELLON stresses the importance of dentification of, and control of distribution to, the final users in overseas markets. . .

Control is an important skill of strategic marketing. With mentality to a marketing hilosophy, we need to be amiliar with the end user. And we must develop disciplined distribution in parallel

We traditionally recognise we classes of intermediaries, "agent" and ''merchant' niddlemen. The agent class we can normally keep some On many occasions the manufacturer's strategy is radicted by the merchant's bjectives. The power of the nerchant is derived from Payment of cash in his role as stomer" rather than as the upplier of skilled services

hat facilitate products To counteract this power of the cash payer and to acentuate the positive role of he intermediary, I developed wo guidelines for control in marketing management. litespective of the number parties involved in the flow

goods or service, the rincipal" is that party hose brand appears on the goods and is recognised by the ^{qser}". Faulty, unbranded merchandise particularly consumer goods, marked only ue in New Zealand' ould tarnish our national generic) image and reflect on ther products, as previously occurred with cheap Oriental merchandise. For such unbranded merchandise with odya "Made in New Zealand" mark, the nation, through the Department of Trade and

halsiry, is the principal.
2 All intermediaries involved in the flow of the goods are differ "contractors" to the pincipal or the user. "Construggle to become the most of discrive in their fields and secone principals of their particular skill or service which the arrost producer can which the export producer can

turers and primary producers owner of the goods becomes the principal, a role which merchants endeavour to secure, but the brand owner must make the transfer of official title conditional so that the presentation of the goods to the ultimate user accords with

Many elementary mistakes are made in assessment of future trends, based on the destination port only.

The Netherlands is frequently described as our fourth biggest wool customer because large volumes are consigned to Rotterdam. But Holland has only minimal facilities for processing wool, financing and warehousing contractor providing for New Zealand a temporarily useful

what is happening in the crucial place of utilisation, as on this depends future order levels. We do not know yet where much of New Zealand's

wool, processed foods and lumber is being consumed; much of the available information originates from intermediaries who will naturally slant reports to suit their convenience. More contact with the end user is a crucial preliminary to better product development and

While one can assume with some products and markets that shipments are related to processing throughput, one cannot assume the same for consumption. It is only when we know the ultimate consumption rate that repeat business can be predicted.

Visit markets to investigate use and identify the key factors in determining your demand. You may well be surprised at how you are being used and who your competition is because life style and usage patterns may inject a new previously envisaged. This may lead to unexpected items recoming a substitute and

Having identified the potential range of substitutes and competitors, maintain data on them. Try to cultivate a battery of indicators so that your demand functions market in full, rather than the limited scope of earlier work

Information about end use is vital for your product development and quality control. You will need to give intermediaries genuine assurances over their security to reach important users, and this involves building trust.

Quality control standards must be higher than we have traditionally learned from ractor implies a subordinate role, but it must not be interpreted as being a superfluous one. Specialists in various fields such as forwarding, banking, negotiating and communicating are vital. These services organizations in the development and quality. These service organisations development and quality control executives, as their

support is vital.

Much executive time is wasted in New Zealand communicating over changing prices. Sound marketing



price changes are infrequent, and that when made, all other components of the marketing mix are reviewed at the same time. Skilled industrial

changed or haggled over, The 'principal", with his knowledge of the market marketers set their price situation, should initiate price

information from every conceivable source. Prices are set to suit the desired product position with long-term market relationships as the dominant factor.

worked back from the positioned price, after expenses and import duties.

To aid selection of markets and channels, the exporter must keep conversant with events. Do not expect overseas markets to have the individual stability of your domestic

Often the selection of channels may be dictated by

changes, in contrast to the traditional constraints or Pacific Basin neighbours, it sometimes advantageous to lenore the traditional number of levels, as being small we might be lost. It may just be right to aim for a small specialist market that can be reached with a low-cost, direct approach. Such unorthodoxy may require other specia decisions. A good example is warehousing in several overseas markets and using agents only for payment collection and promotion. In several markets, distributing wholesalers specialise only in warehousing, transportation and payment collection, and

Data General introduces freedom of choice.

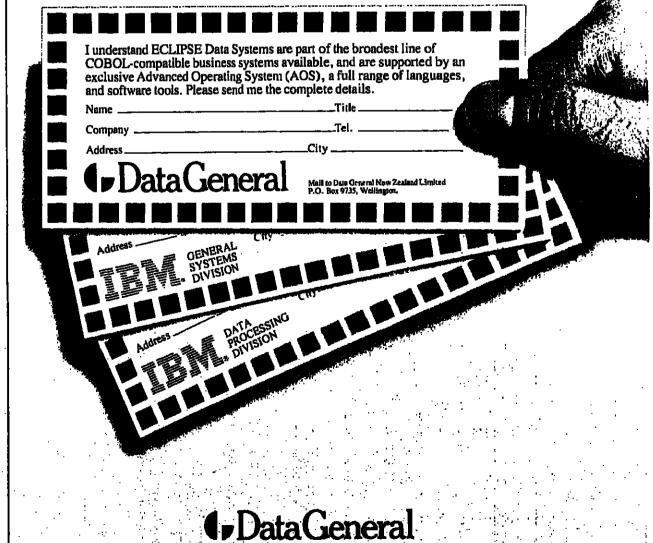
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But don't take our word for it. Just ask the competition.



ECLIPSE DATA SYSTEMS FOR BUSINESS.

Wanted: a scheme for a national strategy market NZ overseas

ng New Zealand overseas. Strategic marketing depends on integration of resources clearly directed to achieve objectives. It is not easy to direct a strategic national approach when some products are traded without consideration of quality, while other producers readily ab-

The organisations which service exporters, and which

New Zealand has already made a good start to co-

ticularly loyalty, is the crucial symbols or logos that we might

for professionally market- national (generic) images ahead of brand names for many products such as Scotch whisky, French wine, Swiss watches, English cloth, and New Zealand lamb. This association between product and country is particularly strong in the new affluent nations like Japan and Ger many. Countries can establish images that have beneficial associations with different ordinate national export categories of products. Our marketing activity, provided mountains, pastoral scenery, in their own rights, will need to and the absence of pollution, commercial procedure of know the objectives of a are most advantageous at- setting objectives, formulating tributes when marketing foods a strategy, and then planning

and other natural products. Marketing cannot operate activities to achieve the obsuccessfully by accident. It jectives. has to be strategically Consumer behaviour, par- Zealand and other national achieve their desires.

MICHAEL MELLON, senior exchange receipts. lecturer in the department of Agricultural Economics and Marketing at Lincoln College proposes schemes for a national strategy to market New Zealand professionally

With such a small country it should not be difficult to cowe adopt the well-established and implementing numerous

We must create demand for To recognise the dynamic export awards. But these Just as a commercial firm cost of imports and overseas ficiently done by a threat schemes create national utilises and protects its service charges, while analysis. With the numerous awareness only within New precious brand names so must maintaining respect for New threats identified, we can we as a nation protect at all Zealand internationally, and examine our resources and Marketing is exchange, times the name of New so enabling New Zealanders to mobilise these in our

identity for New Zealand.

3. To maximise the use of domestic resources both changes.

material and intangible.

4. To recognise the limitations imposed by the size of New Zealand's resources.

5. To overcome size limitations by generic activities. 6. To comprehend the desire of all nations to balance their

marketing mlx, to achieve My recommended objectives objectives in the optimal manner. Next, we formulate

1. To stimulate foreign strategy when we incorporate just stay with that. We to the concepts of target need some kind of stylishing the concepts of target need some kind of stylishing the concepts of target need some kind of stylishing the concepts of target need some kind of stylishing the concepts of target need some kind of stylishing the concepts of target needs need to be a concept needs need to be a concept needs need to be a concept need to be a concept needs need to be a concept nee markets, market entry, for consistent present assessment of power, and New Zealand. timing. This strategy will need continual and methodical Price review as the environment

The product mix must concentrate on the highest possible domestic content, as specified in Objective 3. The direction is clear: products ferentiation and long-term cover is usually more market security. Other con- pensive in other countries siderations supporting further destination, we can eque bulk, utilisation of what might better with that country strategy through schemes managed so that these images New Zealand products and nature of the international otherwise be waste materials, such as Export Year and achieve the maximum benefit. services abroad to offset the environment is most efsurplus. For some markets, gains further processing imposes higher barriers but threat analysis will carefully analyse

> Co-ordinated efforts within be initiated by the Regul industries such as meat and Bank; the narrowing of the apples have established per cent maximum pre grading standards, well-spread between TT Buying: recognised internationally, Selling for the which secure premiums over currencies outside our more casual Australian Zealand's "Favourd far and South American com- which are: Australia 🛚 🕸 petitors. It should not be dif-ficult for other industries to cent; Canada 0.8 per da join together to establish United States of America !! minimum national standards per cent. without government The posted 2 per cent the

spread for such strong, l.7 Packaging has two func- risk currencies as Gent: tions: protection and com- Japan, Switzerland, Hor munication. The packaging Kong and Singap.? industry appears to operate discourages skilful excur; with initiative and con operators from using them ! scientiousness, but exporters trading banks are unwilling are unwilling to accept the negotlate finer rates to luxuriant standards required transactions of less the in non-British markets. \$100,000, these posted to Special language or discourage the thinking trademark requirements are porter from adopting too often viewed as obstacles, correct pricing strategy rather than being seen as a differential advantage in our Distribution "short run" environment

"Pre-pricing" requirements of Strategy has been appared if belated, on such issues 2 similarly be viewed as an declining potential in the advantage to New Zealand. United Kingdom, and the Consumers can be confused y too many brand names, and the Pacific Basin. The general

by too many brand names, and Inability of Britain to purd the use of a generic name such our new lines is as "kiwi fruit" is desirable. documented by kiwl frull, iz The quantity we export of which the British share of No. many products is so small in Zealand exports has dropped relation to the market size that below i per cent. excessive use of brand names With many of our ser fragments our marketing With many of the effort and increases the cost of Pacific markets adopted by effort and increases the cost of

market entry. Rather than being invisible, an amalgation of all New Zaaland based and trade policy manners and trade poli of all New Zealand brands in certain fields might make us just promotionally viable. Not every product will suit this unified approach the suit this unified approach the suit this while ledge and China's and unified approach, in which while India's and China's are case multi-brand strategies industries will require logs industries of raw milested one New Zepland based to that

not cannibalise another New Zealand brand. Brand establishment in importance. The table some markets is costly and trade balance must be book! beyond the capabilities of mind, not smaller manufacturers. To political aspirations, bil overcome this problem, a national "umbrella brand" is vessels. For Southest & vessels. where New Zealand has st required, a well-established technique in Denmark, Israel and China The director of Department of Trade and Department of the control of the national marketing strategy would license firms to use the umbrella brand for specific markets, subject to minimum quality standards

markets, subject to minimum quality standards.

The Kiwi symbol is used liberally as a national identity as well as a brand. Poorquality, junky items as well as luxurious products use the mark indiscriminately, though its use by ton-curiffic to minimum After selecting to countries by proximity must choose those with bull must choose those with bull power and sophistically power and sophistically our growing range of high our growi

mark indiscriminately, thought its use by top-quality manufacturers seems to be declining. If the Kiwi mark is to be retained, then more careful consideration on its use ticipate in speciality of the speciali With New Zealand's fine reputation in many fields—scenery, abundant food, lack of pollution, sport, warm friendly people—we should tichnal image. Natural

products must be demonstrated at every opportunity through exhibitions and wellcontrolled in-store displays and samplings. Media must be well researched to identify those which can convey our images best. Alternatives to television that can more costeffectively do this job must be identified and used. To save much duplication of effort, this information must be available centrally, or firms and organisations will waste aluable foreign exchange in

In the realm of nation

strategy, there is one by

principle to establish: et

in the currency of &

Solling in the currency

destination means the b

porter does not have to the

the exchange risk for which

we price in the currency of

proved their range and senio

destination country.

lesome attributes of our

heir search. Promotional messages verseas must be devised by aducated nationals of the overseas country to ensure fluency. Such promotional staff must be able to transmit the mood and nuances of New Zealand, and be capable of clearly distinguishing us from

We must discover the right channels to reach small pecialised target-market segments. Special interest. echnical, and trade journals, not often recommended by advertising agencies, are low-cost and well targeted. Student activities are cheap, but have the disadvantage of being longterm. While marketing domestically, firms may adopt an undifferentiated approach; in these large markets, they must concentrate their limited resources on narrow target areas. Overall support must marketing authority'

Marketing Strategy

executives skilfully orchestrating events, and "umbrells" brands.

a) The Organisation

An objective of the organisation structure would be to avoid duplication and to both the Trade Policy Division

Trade and industry. could be improved by change.

amalgamation. A merging ui Trade Services II into Trade Policy Division would appear to provide our action centre for New Zealand Incorporated it Trade Strategy Division.

In this Trade Strategy Division must be cultivated, spirit of initiative and the more administrative creativity: duties of Trade Services Division I should be left to another type of executive who enjoys bureaucratic duties. The present organisation does compatibility of generic marketing with bureaucratic administration.

initiative by the Trade Services Division, other independent organisations have seen the need to provide additional services. This duplication is unsatisfactory when we have so few skilled people in this area. While the strategic marketing requirements of New Zealand Incorporated could probably be more effectively performed by a commerically motivated organisation, the problem of rivalries would inevitably occur.

Because of a lack of

Marketing depends on creativity. We are fortunate to have the National Film. Unit and other promotion sections in the Tourist and Publicity Department who portray New come from the "generic Zealand well. In future, these production units would serve as the advertising agency for New Zealand Incorporated, to ensure that creative platforms were consistent with strategy. There should be no difficulty in maintaining a good "clientagency" relationship between the Trade Strategy Division and Tourist and Publicity.

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recognise different skills. Marketing ideally, is not Suitable geographic structure done by people seeking job with regions and subordinate security. Disposability of countries already exists for personnel who either run dry both the Trade Policy Division of ideas or suffer lapses in and the Trade Services their enthusiasm for the Division of the Department of product is a requirement Trade and industry. which may be difficult for The activities that a national Trade and industry to meet. marketing strategy needs Marketing is a harsh master. most are currently performed and job descriptions and goals by Trade Services Division are often tough. Personnel in but they appear to re- this proposed Trade Strategy quire greater resources. Division will need to recognise ome overlap occurs between that job security will not occur the Trade Policy Division and without performance but Trade Serves II Division which many will welcome this

★ Chicugo

★ San Francisco

New Zealand's Kiwi image abroad

Measurement of Per-For all marketing activities,

measurement requirement. Probably the current method of measuring a Trade Commissioner's performance is by the number of

letters and the punctuality of his monthly reports received in Wellington. Total gross (rade with the country will also receive consideration when setting staff ceilings.

These are minor considerations in modern marketing. The key measure favourable and unfavourable is market share, the only fair

subjected to market share evaluation of key products. For example, in open markets like Hong Kong and Singapore these measures can be taken against Australia for butter and beef. Credits should also be recorded for new products

As the Trade Commissioner would be the man on the spot responsible for New Zealand's ieric image, variations in market share and new product development would directly reflect his success or failure. Strategy Division maintains commercial vigour, measurement methods will need to be devised to ensure efficiency.

Relocation of Market of expenditure. **Priorities**

Markets are always changing and we need to respond more quickly. Too ten our decisions to expand trade representation are based on history. This is circular thinking and implies that developed trade creates the need for a Trade Commissioner. Think the other way, and search for potential opportunitles -- in which case you can hope that the successful development is a result

Using this approach, and remembering that national marketing effort is an investment, all senior comshould be deployed to where the greater potential for development is expected. Just could be left in London to deal with "traditional trade enquiries". Marketers must expect to be mobile and ready

Each country section head would be an expert on that country. He would continually update his data, and commission appropriate market research appropriate for New Zealand opportunities. This would climinate the need of an individual firm to conduct its own, and prevent duplication

Weekly marketing information sessions would be conducted so that all intending commercial visitors could be briefed on the situation in that country before departure Much more homework can be done in New Zealand before travelling abroad so as to save the high living costs in many of the growing markets.

The future survival of these other organisations will be a measure of the efficiency o the Trade Strategy Division of New Zealand Incorporated.

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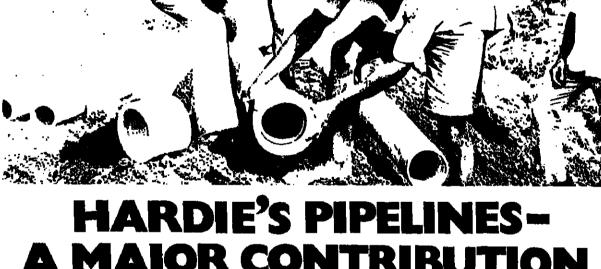
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New Zealand's development



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Case study: Knight Tailors tell how they took the US market by the pelt

business started in 1946 and seasonal product, and from the outset we knew we needed to export. We needed Northern Hemisphere markets to keep our staff and plant fully

Our company policy was to To some degree we used New Zealand as a testing ground, and with one or two problems ironed out in our home market we moved to Australia, and established our markets through commission agents.

needed a northern market to marketplace. In addition, competitive. Our only solution products, American drawcard. further company growth and American retailers are not was to establish our own continue development. We Knights was established as a decided the best way to natural pelt garments are a market in North America. We tried various methods to establish ourselves over a Invercargill, explains how the United States by frequent trips, but decided that we

North America. A number of factors inestablish our own operation. In operations. the fashion industry, you have to keep abreast of fashion trends. You've got to have upto-the-minute reliable in-Knights' next step was to formation. For this in-

needed to put our own

markeling operation into

markeling manager of Knight Tallors Limited, the company has established its own operation in the United States to sell quality natural pelt garments in a sophisticated market, and pinpoints pitfalls for com-panies wishing to set up their

interested in importing. What they want is servicing, back-up

First we had to decide on a corporate identity in 1971. Our achieve our goal was to GRAHAM BOULT, location. Market research on they look after self interest earlier visits indicated the they will always leave an West Coast of the United States. We decided on Seattle partly because we already had a certain amount established business in the area, but more so because it is one of the best distribution areas in the United States. It doesn't suffer from overinfluenced our decision to own overseas selling crowding and is easy to operate from. It also offers tax

Initially we went into a joint venture with United States partners, but quickly stock facilities and credit discovered two things which lot more effort is required on look at some stable marketing formation we needed to have facilities. Sold through an became important guidelines prospects in the Northern our own personnel per- existing wholesaler, our gar- for making future decisions:

discussions with were stire looking for a quick return; 2) When the going gets rough, for \$2000 front money a bed that look after self interest — plus expenses to establish or product. We were busy trying to establish ourselves and there was no way we could pa that sort of money. We knee good reps, which is eashowever, that getting the risk ier said than done. These guys work on commission; from what they sell, so why Persistence and selling should they consider selling an yourself - if they feel on unknown product manufacfident in you then maybe the tured by an unknown company? They can't be certain

> right terms of trade Regard less of who you are or when you come from, your terms have got to be the same at situation in the States is vally Debt collection, for instance is a big headache. You ar looking at a credit periodofa least 45 days, which old stretches to 90-120 days After that, if you want h collect on a non-paid debtfron a client in another state, ye must hire an attorney from the

state in which that diet is

pearance. We didn't receive

much response from our first

fair. But when we did our third

stand at the same show we started to become accepted We had demonstrated that we were not a fly-by-night outfil Knight Tailors has now been operating in the United States for two years. In our Seattle office and warehouse we have two New Zealanders and three Americans. We are not only marketing our own company goods, but also a line of foot. wear produced by an Auckland manufacturer. It is only now

that our operation is beginning to function as we would wish

We have established credibility and we are

acknowledged as a me chandise resource by dollar retailers. But we are still of

scratching the surface of

market. It will take and the three years of sleady and the three years of sleady and the three years of sleady and the three years.

determined work and planning

The United States marks

should never be looked on a

Next we had to develop the

that your product will be up to

sample standard, or even that

you will deliver. And because

their part. The best reps are

you are ploneering a market, a

Next, we had to obtain maximum product exposes S. Research the best location The medium we chose for ea for your operation. Ease of distribution is the most imgarments was trade fairs. 86 we entered into a conportant point. You may find prehensive programme. The il's preferable to have your are approximately 450 merwarehouse at one location and wear fairs and an equal your sales office at a mernumber of women's in the chandise mart where you will course of a year. Out of these get ease of access to buyers we had to select those of value and better exposure. and cover them adequate We found that Joi

how your competitors mer-chandise; look at why com-

2. Locate and consult a good

attorney. When you have

found him, how do you know if

he's any good? Check with his

dients - he won't be upset; he

expects you to. Don't be afraid

of his charges — if he's good it

3. Work out a long-term

marketing plan. You might say that's just normal marketing but in the United

States that plan will en-

compass more facets of

marketing, take longer to

implement, and cost far more

than you originally envisage,

. Decide which method of

financing you are going to use within your market place.

From you market research you will know how your

competitors operate. Study

their methods. You will also know what credit period you have to give — add another

50 per cent to that length of

lime. You will have to make

use of every tax incentive

available — study them, and

put them to good use.

will be money well spent.

sumers buy the product.

stands were a wash Make sure you have the of time. The name of the right blend of New Zealand game is to get maximum and American staff. You need exposure in minimum time. New Zealand personnel — it helps credibility. They can and co-operative displays were not conflucive to this. Success report in terms you unat these shows had a lot to do with consistency of ap-

Used Cars

⁷⁸ Falcon "XC" 4.1 automatic. Royal blue with beige viny! roof. lmmaculately kept by me chemist owner. 20,000 km (12,400 miles). A real nice car. 6 months or 10,000 km warranty. Sensibly priced at \$10,395 or \$6240 deposit and \$73.50

Toyota Crown. Automatic and power steering. 49,800 km (30,800 miles). Green with crown cloth trim and avery extra. A top quality
Japanese car in A1
condition. 6 months or 10,000 km warranty.

should never be looked on a should never be looked on a should never. Any company wishing to establish itself that is looking at tremendous capital and development expenditure. The United States can be approached only on a long-term basis. Companish should aim to write of dovelopment costs over a least five years.

The following points are vital in establishing a six vital in establishing a six cessful venture in the United States: and \$73.50 weekly. It will be my pleasure to show you either of these cars. "Bob Wahrlich". States:

1. Research your market fid.

1. Research your market fid.

1. Obtain as much information of the control of the contr

Tel 661-389 LOWER HUTT —BRANCH— Wrightcars

General Motors

PROCESSING PELTS . . . dressing up for the US market. derstand and they understand are the people in the mar-marketing in your field; he takeovers are frequent in the your production problems and ketplace. You also need will know the pitfalls. This United States and redundancy if you are looking for short-capabilities. Listen to American personnel—look for type of person is easier to find in the over 45 age group is term profits don't go to America. what they say as they someone who has retired from than you may think --

to mean a loss initially, but this method, coupled with tax incentives, is the only way most New Zealand products will be competitive in the American marketplace.

Aim for the best exposure for the product. I consider but your display must be malling sheets, trade advertising and press releases are important too

9. Understand your customer. Put yourself in his place then decide if you will buy your

Forget about looking for thing to convince any board of



Australia is more than just business, because TAA is more than just an airline.

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New Zealand's International Bank

Use right tools to top off an export sales deawhy corporate plan makes it easier to export KNOWLEDGE is the found-

ation on which a sale is built. If you are to be successful, the three vital areas of knowledge with which you must be familiar are:-

1) Your Prospects — you must understand customers' needs and problems, their purchasing policies, and which individuals influence the purchase of products you are selling;

olicy, understand its objectives, and what it expects of

3) Your Product — you must know its uses, its features and benefits. Its advantages and superiority over competitive products, and you must be

The foreign buyer may know

ROBERT WALTERS. manager of AH1 Roofing International, looks at some of the basic selling tools which can be used when presenting technical, industrial or capital equipment products to foreign buyers...

weaknesses. You should try during face-to-face discussions to build up personal rapport, trust and common interests that can assist in obtaining the the company. Before you can

As far as business protocol is concerned, it is advantageous overseas to have the right title for the job, which will allow you to meet the decisionoverseas buyers must believe that you have the authority to make decisions which will not company's credibility, no be countermanded by senior matter what its size. Use management or boards of

enough on their own. Manner, operations. You must prove formance to the buyer. But

terparts in the market, you your company holds within cannot visit on a daily or your local environment and weekly basis, and thus you other overseas markets where have to make an agreeably appropriate; provide other

Sales representatives often product and its advantages. without ever firmly its performance in any detail. you must overcome the doubts relating to your position and that of your company. Without this having been established. makers as an equal. The you have little chance of

You must establish your annual reports, balance sheets, or other documentation Titles, however, are not that adds substance to your

dress and personality all play that you are likely to be a shown on its own, it will promotion and act as a the financially secure and reliable require other selling aids for support.

THE first step in introducing a products you are sided approach to coruyer. supplier.
Unlike your local coun- Discuss the position which

lasting impression in a short contacts that the company spend time in promoting the customers or other companies with which you deal, have licence agreements, technical establishing the credibility of interchanges, or product development programmes, or sale and in getting continuing hope to discuss a product and any third-party source that can be linked to your potential buyer and which establishes and objections of the buyer credibility and provides him with security. Once these objections have been overcome, you can move

on to presenting the product. In this area, your approach needs to be tailored precisely to the buyer's requirements. Nothing is more useful than showing the actual product; Market Information

AUDIO-VISUALS

your objectives for an audio-

visual. Is it to be orientated

product, or training - ser-

provides information on the

product's technicalities.

oenefits, features, its method

of manufacture and packing. It

discusses previous uses in

other areas of the world, and

most importantly, establishes

the image of your product in

One of the most versatile

tools in the salesman's kit is

good sales literature. It is often

the major promotional aid you

will leave behind for future

reference by the buyer. Thus,

your product correctly in the

market, and describe its

benefits, features, com-

parative advantages and

and to have a major focus

It is wise to avoid clutter,

photograph, major ap-

plication, or product feature). Items should be illustrated,

and Sales

the right market sector.

Catalogue

The most dramatic selling aid comes in the form of audiovisual presentations. An audiomay turn to for external visual can hold the attention of opinions. Mention key your prospective customer customers or other companies better than a face-to-face sales with which you deal, have presentation of the process of the pr on the best prospects and of after-tax return on equity presentation.

Often you will find that the Data can be in the former buyer will call on his elaborate nationwide man against this goal structure, key research survey, or in staff developed a list of colleagues to sit in on your presentation. This enables you about a small sper provide the ground rules to be marketing are the to get to a range of decisionmakers at one time, thus marketing area. They t making it easier to overcome consist of a newspaper c problems and objections with the group. interesting piece of : It is essential that you set

Case Studies, Test Reg

Corporate image provides These aids are usi: appraisal of our environment background to the company, preferably you should be able its range of expertise, its your presentation to it portunities, and of the comprevious satisfactory we to demonstrate its per-position in the marketplace, its growth record, and diversity of the product under sic. conditions, and its able: These threats, opportunities, perform to the weight strengths and weaknesses oducts, and shows financial Product presentation

Charts and Graphs Show graphically you's of the cake in relator: overseas markets or :: competitors. Show (: parative costing, Na saving, effective m. utilisation in relate: market potential, sales ;

or any form of product be: or performance.

Display screens can k

effective medium for t

presentation or for prospe

Their design must be of quality and aestheta

pleasing. They must be a

transport and put up 1:

such robust construction:

even after a number

displays, they still have

"as new" appearance.

In order to get late

buyers to come to see !-

product in the first place

often possible to annound

some new facts which

pertinent to your parti-industry. This concept

as it constitutes a quiet.

relaxed way to obtain it

data from a panel authorities. One can us

panel with authorist speakers to conduct seminar on an informal of

non-commercial basis

commercial aspects gentle are discussed during the

stages of the seminarithe equipment of

Having left as mixi

formation as is permit the buyer, and if he apparit the buyer, and if he apparit be reliable and an lent customer, why not lent to ustomer, why your vist to the state of the formation as is pe

all available selling convince the buyer to

home base if successful follow. It is only by efficient response to urgen and follow-up that the many and follow-up that the many line projects.

company goals.

BILL HALL, managing director of Hallmark Informalised approach to corporate planning, was to define ternational of Hamilton. a set of measurable factors which collectively described stresses the need for a corporate plan which will Market information on the company's economic commit a company to more used in the selling approxi; performance in broad terms. two basic ways: First, at These factors were organised effort in the export arena.

> have the use of a com-Before putting numbers plans and to test a broader range of alternatives and

> observed when quantifying the our planning was difficult. Then we reviewed company particularly in terms of going performance in terms of the from a company with little goal structure factors and used formal planning to a more this as a basis for tentatively formal approach.

Although well satisfied with months, until the next review

the attainment of the company where we had agreed to go. which can side-track us all, bu Up until this year, these we recognise this weakness

for interim reviews and flexing this old trap. Our advertising

Fleet Owners and Financial Controllers.

Is it really worth it to replace your vehicles before first renewing motors?

While new vehicle costs rise faster and faster, the component cost of motors tends to get less and less. This is changing the economics of fleet management. It is now a viable proposition to delay immediate vehicle renewal in favour first of engine replacement - with a unit reconditioned and guaranteed as-new by Engine Rebuilders Ltd.

Keep your vehicles. and cut your costs

Are you replacing too soon? Analyse your fleet costs, especially upper mileage maintenance. Replacement with a new vehicle might in fact cost a lot more than maintenance would. Add the disadvantage of depreciation levels v. capital outlay, then ask yourself again. Is it really worth it to replace vehicles before first renew-



Your country needs your support

We are spending a lot more than we earn. Sadly, new motor vehicles account for a great share of this imbalance. Greater conservation of resources and more recycl-

See how cost increases in new vehicles go up faster and greater than cost of replacement motors.

Example charted is a popular "Six", period 1974 to 1978.

ing of existing assets is imperative. This policy plainly saves money. It also promotes self-sufficiency of skills and provides employment opportunities.

New Zealand's leading experts in reconditioning

24-hour exchange service on most popular makes and models. Japanese motors are serviced. We also do special orders e.g. Euclid Rolls-Royce motors, Macks, Kenworths, etc.

Work is guaranteed to as-new factory standards - 10,000 km/6 months. With its facilities and 16 branches, Engine Rebuilders Ltd has one of the world's most advanced engine recycling capabilities. Clutch and brake servicing is also undertaken.

Let us quote you

You are cordially invited to make contact with any branch of Engine Rebuilders Ltd for de-

tailed discussion on how we can save you money on vehicle replacement. If it is more convenient, simply send coupon.

> **Examples of commonly** required units available within 24 hours

> > MORRIS **BEDFORD** VALIANT **FORD** all models HILLMAN HUNTER COMMER HOLDEN VAUXHALL

ENGINE

LIMITED かい

Name, Company & Address:....

AUSTIN

REBUILDERS

but where many of them look alike, this is not essential.

Technical Manuals Technical manuals must be presented in a logical sequence. They must be quick and easy to use, and provide accurate technical data examples of calculations, and necessary tables. A clear index at the front is essential, and the use of items such as protruding tabs makes for easy referral to each section.

Photography is taking its place as one of industry's most effective sales tools. The. camera is becoming part of the standard kit for overseas visits. With it, you can develop your own testimonials on your product's effectiveness. through before-and-after pictures, take shots of competitive installations, and develop ideas for sales promotion and advertising. And you can bring back a visual record of the difficulties in certain regions, and show graphically why product daptations are required.

Samples and Models

If it is impracticable to take samples of your merchandise; models or working displays can often help in explaining the benefits to the buyer.

Ideally, these models or

samples should be in a form. that can be left with the buyer for use at a later stage. They should reinforce, in a material way, all the other sales backage

Clear concise ideas about the



papers ever released on New Zealand agriculture," that's how Harry Broad, editor of Straight Furrow describes The Future for New Zealand Agriculture.

remind him of your puck-remind him of your puck-your company, and yours If the prospect seems of enough, suggest that the k-visits your factory headquarters in New Zeels-headquarters in New Zeels-In this significant new publication, lan McLean, farmer and agricultural economist, explains why production rather than market problems inhibit agricultural exports. He probes the pros and cons of five alternative policy strategies to combat New Zealand's complex, persistent agricultural problems. McLean concludes that the weight of evidence supports one particular strategy . . .

The Future for New Zealand Agriculture, Published by Fourth Estate Books on behalf of the N.Z. Planning Council.

Only \$4.50 at all good bookshops, or direct from Fourth Estate Books, P O Box 9344, Wellington. (See Fourth Estate Subscription Service coupon elsewhere in this issue.)

primarily on the local market. you have a diversity of people Fortunately, we were able to export area before it was too late — something we would not

that other alternatives are not

as economically attractive.

The resulting export targets

were established not on the

basis of what I, as export

tax shield to attain our

profitability goal.

have done two years ago. I am sure that our company would not have made the commitment it has to export prehensive computer-based planning model which gives us without a fully integrated the ability to prepare detailed corporate plan which clearly demonstrates the sound economic sense in exporting. It clearly sets out what it means The first time around with to the company in after-tax dollar terms; it demonstrates

We were aware that we did

specifying challenging fiveyear company goals. We then conducted a critical not want to stifle the entrepreneurial spirit of the company and it was difficult to reinforce particular pate to identify threats and op- arrive at a balance.

pany to identify strengths and the plan when it was completed, we ignored its contents and left it in the drawer for 12 requirements being rever were classified by functional came up, while we reverted to our old habits of wandering up for developing functional area all sorts of irrelevant paths goals and key actions to enable which had nothing to do with

The final step in our plan- some problems, but each time ning process was to ensure round it becomes a little easier complete reconciliation and and the plans become more integration of functional area relevant. Key staff have found goals with company goals, and it difficult to focus at all times heir translation into detailed on key actions, because of twelve-month budgets and normal day-to-day activity

sleps have been carried out and are slowly overcoming it. annually, with no capability Just recently, we fell into

agency came up with a there was no problem in solved by export in the long dynamic tool in ensuring that promotional package for next getting commitment from term rather than local the combined effect of our year which was very ego-each functional area to the marketing." This weakness of efforts is far greater than the gratitying, but which focused export effort. In any company seasonality was recognised sum of them taken separately. during the planning process and export marketing was given the job of solving it.

emphasis and priority accorded to their own functional area. Let's say you have 100 units in the warehouse available for sale and you have received two orders, one from marketing. overseas and one locally.

Under normal circumstances the 100 units should go to export. But because our local sales manager was involved what effect his actions have on from the start in the planning the overall company's perprocess, he understands the formance. As a result of the their own corporate plan the economic good sense of export. There is, in fact, a statement under "policies" in the tified without any subjectivity.

developed on a team basis, seasonality weakness must be corporate plan has become a this country.

seasonality was recognised sum of them taken separately.

Reporting is all tied back to These policy statements all see how we are going against assist in directing the export the targets. We have the effort and in clearly ability to revise the longerestablishing its priority par- term plans and budgets ticularly in relation to local quickly. A clearer un-As a result of corporate purpose makes decisionplanning, co-ordination and making easier, and there is communication between key less tendency to get sidestaff is enhanced. Each person tracked from the company's

would take the time to develop appraisals in each area, sound economic sense of exweaknesses have been iden-tified without any subjectivity. that they would be left with no manager, felt could be Management Guide of each If they are not yet overcome, alternative but to pick up the achieved, but rather on what functional area which reads: we are in the process of rectaphoral commitment to the difference of the would not only income. "Total commitment to the tifying them. Because we are they would not only improve export effort." There is a all able to focus on the same their company's profitability. further policy statement to the goals and flex them in but earn the valuable overseus Because the plan was effect that: "The sales response to changes, the exchange so budly needed by

The second of th

We fly daily to Los Angeles - gateway to the U.S.A. Air New Zealand Cargo provides the service and the expertise to help New Zealand make it big in this vast export market.

We're big on capacity too. Every flight can carry bulk cargo loads, with a guaranteed normal load of 15,000 kg on any one flight.

11 times a week to Los Angeles - 9 times via Honolulu. The sort of frequency to help you make the big time in exporting to the U.S.A. We've got the time if you've got the cargo. Give us a call, we're Your Airline.

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